

Nos. 12,407 and 12,408

IN THE

United States Court of Appeals
For the Ninth Circuit

SAMUEL H. FRIEND, et al.,

Appellants,

VS.

GRANAT BROS. (a corporation),

Appellee.

No. 12,407

GRANAT BROS. (a corporation),

Appellant,

VS.

SAMUEL H. FRIEND, et al.,

Appellees.

(CONSOLIDATED
CASES)

HERBERT BROWN, et al.,

Appellants,

VS.

GRANAT BROS. (a corporation),

Appellee.

No. 12,408

GRANAT BROS. (a corporation),

Appellant,

VS.

HERBERT BROWN, et al.,

Appellees.

OPENING BRIEF ON BEHALF OF APPELLANT,
GRANAT BROS.

MELLIN, HANSCOM & HURSH,
OSCAR A. MELLIN,
LEROY HANSCOM,
JACK E. HURSH,

391 Sutter Street, San Francisco 8, California,

*Attorneys for Appellant,
Granat Bros.*

FILED
MAY 18, 1951

Wm R. O'Brien
Clerk

Subject Index

	Page
Jurisdiction	2
Brief statement of the case.....	2
Assignment of errors	6
Summary of argument	7
1. Appellant's right to an injunction is founded upon the broad law of unfair competition and trade-mark infringement and not upon any statutes relating to registration	7
2. Appellant's trade-mark "WED LOK" has been used, known and extensively advertised throughout the United States	8
3. Appellant is entitled to the exclusive use of the word "LOK" or "LOCK" when used as a suffix in a trade-mark in conjunction with wedding and engagement ring ensembles	8
4. The lower court erroneously construed the law of trade-mark infringement and unfair competition as requiring for relief: (A) Actual confusion in the ultimate customers between appellant's and appellees' products; and (B) Such similarity of trade-mark as would likely result in "palming off" of appellees' products as appellant's products	9
5. The appellant is entitled to an injunction upon the theory of unfair competition	10
6. Where appellant's mark or trade name has come to have a secondary meaning, such mark or trade name will be protected even though such mark or trade name is not the proper subject matter of a valid trade-mark per se	10
Appellant's right to an injunction is founded upon the broad law of unfair competition and trade-mark infringement and not upon any statutes relating to registration.....	11
Appellant's trade-mark "WED LOK" has been used, known and extensively advertised throughout the United States. .	13

	Page
Appellant is entitled to the exclusive use of the word "LOK" or "LOCK" when used as a suffix in a trade-mark in conjunction with wedding and engagement ring ensembles...	16
The trial court erroneously construed the law of trade-mark infringement and unfair competition as requiring for relief (a) actual confusion in the ultimate consumers between appellant's and appellees' products, and (b) such similarity of trade-marks as would likely result in "palming off" of appellees' products as appellant's products....	21
Proof of palming off and confusion in ultimate customers is unnecessary to granting relief to appellant.....	21
Confusion of sources	26
The basis and principle upon which appellant is entitled to relief is the principle of "confusion of source" with its corollary "dilution of good will".....	33
Appellant's trade-mark is being whittled away and diluted by the unfair competition of appellees.....	41
Value of the word "LOCK" or "LOK" in appellant's and appellees' trade-mark was established by one of appellees' own witnesses	44
The appellant is entitled to an injunction upon the theory of unfair competition	45
What constitutes "unfair competition"—in general.....	45
The appellant's trade name is distinctive and is, therefore, entitled to the utmost protection	50
The appellant's trade-mark is entitled to protection.....	54
The appellees' use of the appellant's trade-mark causes irreparable damage	66
Where appellant's mark or trade name has come to have a secondary meaning, such mark or trade name will be protected even though such mark or trade name is not the proper subject matter of a valid trade-mark per se.....	76
Conclusion	79

Table of Authorities Cited

Cases	Pages
Academy of Motion Picture Arts & Sciences v. Benson, 15 C. (2d) 685	35, 49, 58, 68, 69
Aetna Chemical Co. v. Dobkin (1946), D.C.W.D. Pa., 68 F. Supp. 601	67, 73
Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc. (1941), 5 Cir., 123 F. (2d) 582, cert. den. 315 U.S. 824, 62 S. Ct. 917, 86 L. Ed. 1220	73
American Lead Pencil Co. v. L. Gottlieb & Sons (C.C. S.D. N.Y.), 181 Fed. 178	79
American Steel Foundries v. Robertson, 269 U.S. 372 (1926), 70 L. Ed. 371, 46 S. Ct. 160	11
Armour & Co. v. Master Tire & Rubber Co. (1925), D.C.S.D. Ohio, 34 F. (2d) 201	67
Armstrong Paint & Varnish Works v. Nu-Enamel Corporation, et al., 305 U.S. 315, 59 S. Ct. 191	12
Arrow Distilleries v. Globe Brewing Co. (1941), 4 Cir., 117 F. (2d) 347	51, 71
Brooks Bros. v. Brooks Clothing of California, 60 F. Supp. 442	46, 48, 57, 69
Bulova Watch Company v. Stolzberg, 69 F. Supp. 543	31, 66, 72
California Fruit Growers Exchange et al. v. Sunkist Baking Co. (1946), D.C.S.D. Ill., 68 F. Supp. 946	67
Capewell Horse Nail Co. v. Mooney, 172 Fed. 826 (C.C.A. 2, 1909), 97 C.C.A. 248	13
Carolina Pines, Inc. v. Catalina Pines (1932), 128 C. A. 84	49, 69
Carroll v. McIlvaine, 171 Fed. 125	12
Cartier, Inc. v. Parfums Blanchard, Inc. (1941), 32 N.Y.S. (2d) 15	62
Cleo Syrup Corporation v. Coca-Cola Co., 8th Cir., 139 Fed. (2d) 416, cert. denied 321 U.S. 781	27, 52, 74
Coca-Cola Co. v. Koke Co., 254 U.S. 143, 41 S. Ct. 113	79
Del Monte Special Food Co. v. California Packing Corp. (1929), 9 Cir., 34 F. (2d) 774	57
Dunhill of London, Inc. v. Dunhill Shirt Shop, Inc. (1929), D.C., S.D. N.Y., 3 F. Supp. 487	62
Duro Co. v. Duro Co. (1928), 3 Cir., 27 F. (2d) 339	67

	Pages
Eastern-Columbia, Inc. v. Waldman, decided June 13, 1947, 30 C. (2d) 268	34, 46, 47, 49, 52, 68, 76
Eastman Photo Materials Co. v. Griffiths Cycle Corp. (1898), 15 R.P.C. 105	67
Elgin v. Illinois Watch Co., 179 U.S. 665, 45 L. Ed. 365, 21 S. Ct. 270 (1901)	13
Esquire, Inc. v. Esquire Bar (1941), D.C.S.D. Fla., 37 F. Supp. 875	65
Evans v. Shockley (1922), 58 C. A. 427.....	49, 69
Ford Motor Co. v. Ford Insecticide Corporation (1947), D.C.E.D. Mich., 69 F. Supp. 935.....	67
G. & C. Merriam Co. v. Saalfeld (C.C.A. 6, 1912), 198 Fed. 369	78
G. H. Mumm Champagne v. Eastern Wine Corporation, 142 F. (2d) 499 (C.C.A. 2).....	23
Golenpaul v. Rosett (1940), 18 N.Y.S. 889.....	64
Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers (1934), D.C., W.D. Pa., 10 F. Supp. 450.....	65
Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores (1937), D.C., E.D. Pa., 20 F. Supp. 703.....	65
Hall v. Holstrom, 106 C. A. 563.....	40, 52, 75
Hooper v. Stone (1921), 54 C. A. 668.....	59
Horlick's Malted Milk Corp. v. Horluck's, Inc. (1932), 9 Cir., 59 F. (2d) 13.....	57
Jackman v. Mau, 78 C. A. (2d) 234.....	35, 49, 57, 68
Katschinski v. Keller (1920), 49 C. A. 406.....	52
Kraft Cheese Co. v. Leston Co., 43 F. Supp. 782 (1941).....	17
Kraft-Phenix Cheese Corporation v. Goldfarb, et al. (D.C. Calif.), 7 F. Supp. 199	18
Kraft-Phenix Cheese Corporation v. R. E. Robertson, Inc. (D.C. Mich.), 9 F. Supp. 125.....	18
Kroll Bros. v. Rolls-Royce (1942), C.C.P.A., 126 F. (2d) 495	62
Lady Esther v. Lady Esther Corset Shoppe, 317 Ill. App. 451, 148 A.L.R. 6	43, 51, 74
Lady Esther, Limited v. Flanzbaum (1942), D.C.R.I., 44 F. Supp. 666	63

	Pages
Law v. Crist, 41 C. A. (2d) 862.....	49, 59, 69
Le Blume Import Co., Inc. v. Coty, et al. (C.C.A. 2, 1923), 293 Fed. 344	78
L. E. Waterman Co. v. Gordon (1934), 2 Cir., 72 F. (2d) 272	60
Mishawaka Rubber & Woolen Manufacturing Co. v. Kresge Co., 119 Fed. (2d) 316 (C.C.A. 6, 1941).....	11
N. K. Fairbanks Co. v. Luckel, King & Cake Soap Co., 102 Fed. 327 (C.C.A. 9, May 7, 1900).....	18
Philadelphia Storage Battery v. Mindlin, 296 N.Y.S. 176...	32, 50, 66, 71
Philco Corp. v. Phillips Mfg. Co., 133 Fed. (2d) 663.....	45
Phillips v. The Governor & Co. (1935), 9 Cir., 79 F. (2d) 971	57
Physicians Electric Service Corp. v. Adams, 79 C. A. (2d) 550	35, 49, 68
Pinaud, Inc. v. Huebschman (D.C. N.Y.), 27 Fed. (2d) 531 (affirmed 27 Fed. (2d) 538)	79
S. C. Johnson & Son v. Johnson, 116 F. (2d) 427 (C.C.A. 2)	24
Socony-Vacuum Oil Co., Inc. v. Lafariere, 48 N.Y.S. (2d) 421	63
Standard Oil Co. v. California Peach & Fig Growers (1928), D.C. Del., 28 F. (2d) 283.....	67
Stork Restaurant, Inc. v. Marcus, et al., 36 F. Supp. 90.....	42
Stork Restaurant, Inc. v. Sahati, 166 Fed. (2d) 348.....	5, 14, 23, 29, 33, 35, 39, 42, 77
Sun Maid Raisin Growers v. Mosesian, 84 C. A. 485.....	40, 75
Time, Inc. v. Barshay (1939), D.C. S.D. N.Y., 27 F. Supp. 870	63
Trade-Mark Cases, 100 U.S. 82 (1879), 25 L.ed. 550	11, 12
United Dressed Beef Co. v. United Butchers, 262 N.Y.S. 562	25
United Drug Co. v. Rectanus, 248 U.S. 90 (1918), 63 L.ed. 141, 39 S. Ct. 48	11
United States Printing & Lithograph Co. v. Griggs, Cooper & Co., 279 U.S. 156 (1929), 73 L.ed. 560, 49 S.Ct. 267, 1 P.Q. 245	11
Vogue Co. v. Thompson-Hudson Co. (1924), 6 Cir., 300 F. 509, cert den. 273 U.S. 701, 47 S.Ct. 98, 71 L.ed. 850.....	67

	Pages
Wall v. Rolls-Royce of America, Inc., 4 F. (2d) 333	61
Walton v. Ashton (1902), 2 Ch. 282	67
Winfield v. Charles, 77 C.A. (2d) 64	35, 46, 47, 68
Wisconsin Electric Co. v. Dumore Co., 35 F. (2d) 555 (C.C.A. 6)	25
Wood v. Pepper, 21 C. 448	49, 59, 69
Yale Electric Corporation v. Robertson (1928), 2 Cir., 26 F. (2d) 972	56, 60, 62, 66

Statutes

28 U.S.C.A. Sections 1291 and 1338(a) and (b)	2
---	---

Texts

148 A.L.R. 12, 22	57
148 A.L.R. 12, 53ff.	48
Chaffee, Unfair Competition (1940), 53 Harv. L. Rev. 1289	46
63 Corpus Juris, Section 101, pages 391, 392	76
Handler and Pickett, Trade-Marks and Trade Names—An Analysis and Synthesis (1930), 30 Col. L. Rev. 168	46
Kahlman, Unfair Competition of Trade-Marks, Vol. II, pp. 116-121	34
Restatement of Torts, Volume 3:	
Page 538	45
Page 558, section 716	47
Page 559	46
Page 560	47
Page 562, section 717	48
Page 567	48
Page 596, section 730	34, 48
Page 602	51
Schechter, Fog and Fiction in Trade-Mark Protection (1936), 36 Col. L. Rev. 60	46
Schechter, The Rational Basis of Trade-Mark Protection (1927), 40 Harv. L. Rev. 813, 825	46, 74

Nos. 12,407 and 12,408

IN THE
United States Court of Appeals
For the Ninth Circuit

SAMUEL H. FRIEND, et al.,
Appellants,

vs.

GRANAT BROS. (a corporation),
Appellee.

GRANAT BROS. (a corporation),
Appellant,

vs.

SAMUEL H. FRIEND, et al.,
Appellees.

No. 12,407

(CONSOLIDATED
CASES)

HERBERT BROWN, et al.,
Appellants,

vs.

GRANAT BROS. (a corporation),
Appellee.

GRANAT BROS. (a corporation),
Appellant,

vs.

HERBERT BROWN, et al.,
Appellees.

No. 12,408

OPENING BRIEF ON BEHALF OF APPELLANT,
GRANAT BROS.

JURISDICTION.

The jurisdiction of this Court is invoked under Sections 1291 and 1338(a) and (b) of Title 28 U.S.C.A. as the suit is one arising under the Trade-Mark Laws of the United States of which the District Court had jurisdiction and of which this Court has appellate jurisdiction.

BRIEF STATEMENT OF THE CASE.

This action was brought in the District Court for unfair competition and infringement of a trade-mark registered under the laws of the United States.

Briefly, commencing in 1936, the plaintiff-appellant marketed a diamond wedding and engagement ring ensemble and trade-marked the same "WED LOK". Such sets have been continuously sold and used throughout the entire United States since that time. The appellant, in advertising its ring sets "WED LOK", spent, in accordance with the evidence, some one hundred fifty-three thousand dollars (\$153,000.00), in addition to which the said trade-marked products were widely advertised under the mark "WED LOK" by various dealers in various newspapers in almost every city in the United States of any appreciable size. The appellant during that period did business in practically every state in the United States in its "WED LOK" products, and the trade-marked "WED LOK" products were advertised in such nationally prominent magazines as "Vogue".

During the period from approximately 1936 to 1948, appellant did in excess of three million dollars

(\$3,000,000.00) in business in its said ring sets trade-marked "WED LOK", and the evidence shows that that trade-mark and trade-marked products were widely known throughout the United States.

Appellees had long been in the same business as appellant; that is, the ring business, but commencing in 1948 appellees adopted for their wedding ring ensembles the trade-mark "FEATURE LOCK", full knowing at the time of appellant's trade-marked ring ensembles "WED LOK". The evidence will show that at that time there were no rings being commercialized having a compound trade-mark including the word "LOCK" as a suffix, except appellant's trade-mark "WED LOK".

At that time appellant had a sales policy of selling their rings through relatively few dealers in each city, and we contend that the remainder of the dealers in each city immediately seized upon the appellees' product "FEATURE LOCK" because of the demand created and the good will built up on behalf of the trade-marked products "WED LOK". In fact, when appellees commenced selling their rings marked "FEATURE LOCK", they advised their customers that appellees would stand behind them in case of any trade-mark litigation.

We contend that because of the popularity and the widespread advertising and the widely known reputation of "WED LOK" products, the appellees' rings became almost immediately successful, and their dealers were not satisfied with merely selling them as "FEATURE LOCK", but immediately named them

“ETERNA LOCK”, “TRULOCK”, “BRIDALOK” and other similar designations including the word “LOCK” or “LOK” as a suffix to the compound trade-mark. Appellees also agreed to hold these users of these marks harmless in any trade-mark litigation instituted by this appellant.

Therefore, after being alone in the field with its trade-mark including the suffix “LOK” for rings and building up a valuable widespread reputation therefor by extensive advertising and sales effort for a period of twelve (12) years, appellant was immediately faced with a complete dilution of its trade-mark rights and good will by the appearance of this host of appellees’ rings marked with the various compound trade-marks including the word “LOCK”. In fact, one of appellees’ own witnesses testified that without the use of the word “LOCK” at the end of his trade-mark, he would not care to continue handling the appellees’ rings.

Appellant, therefore, promptly brought this suit for trade-mark infringement and unfair competition based on the premises that the compound trade-mark “FEATURE LOCK” infringed the registered trade-mark “WED LOK” and would likely result in confusion between the products of the appellant and the products of appellees, and in confusion as to the source of the products and dilution of the trade-mark rights and good will of appellant, and also for unfair competition for such interference with its business and dilution of its good will in that, broadly speaking, the law of trade-mark infringement and unfair competition springs from the same basic law.

The appellant seeks an injunction restraining appellees* from using the mark "FEATURE LOCK" in a trade-mark sense as applied to finger rings but without any restraint on such use of the word "FEATURE". The appellant expressly waived damage and an accounting. In other words, the situation of the appellant in this case is much the same as was the case of the appellant before this Court of Appeals in *Stork Restaurant, Inc. v. Sahati, et al.*, 166 Fed. (2d) 348, decided February 18, 1948, wherein the late Judge Garrecht so aptly expressed the position of the plaintiff in a suit of this sort:

"The appellant is not here seeking to have the appellees mulcted in damages, nor is it striving to drive them out of business. It asks merely that its adversaries be compelled to desist from an unfair trade practice that threatents to 'nibble away', 'whittle away', or 'dilute' the value of its dearly-bought prestige.

"The appellant begs that the appellees, with an 'infinity' of other names to choose from, divest themselves of plumage borrowed from the Stork.

"In a word, the appellant is making a plea peculiarly calculated to move the conscience of a chancellor. It prays not for a sword, but for a shield."

*The term "appellees" will be used to denote in this brief all of the appellees as well as the intervening defendant below Feature Ring Co.

ASSIGNMENT OF ERRORS.

1. The Court erred in finding that the evidence fails to show confusion in the ultimate customers between the products marked "FEATURE LOCK" and appellant's products marked "WED LOCK" and that neither trade-mark infringement or unfair competition was established because such finding is contrary to the evidence and is not supported by substantial evidence.

2. The Court erred in concluding as a matter of law that appellant failed to establish trade-mark infringement or unfair competition by appellees because no confusion was shown between the ultimate customers of appellant and appellees.

3. The Court erred in concluding that the trade-mark "FEATURE LOCK" does not infringe upon the trade-mark "WED LOK".

4. The Court erred in concluding that the appellees have not unfairly competed with appellant.

5. The Court erred in finding that the words "FEATURE LOCK" are sufficiently distinct from "WED LOK" as to preclude likelihood that the appellee, Feature Ring Co.'s products will be passed off as those of appellant.

6. The Court erred in not finding that the trade-mark "FEATURE LOCK" infringes upon the trade-mark "WED LOK".

7. The Court erred in not finding that appellees have unfairly competed with appellant.

8. The Court erred in not finding that the evidence shows confusion in the ultimate customers between the

products marked "FEATURE LOCK" and appellant's products marked "WED LOK" and that trade-mark infringement and unfair competition was established.

9. The Court erred in not finding that the words "FEATURE LOCK" are not sufficiently distinct from "WED LOK" as to preclude likelihood that appellee, Feature Ring Co.'s products will be passed off as those of appellant.

10. The Court erred in not finding that appellant's trade-mark "WED LOK" had acquired a secondary meaning in the trade as designating the products of appellant and solely appellant.

SUMMARY OF ARGUMENT.

1. Appellant's right to an injunction is founded upon the broad law of unfair competition and trade-mark infringement and not upon any statutes relating to registration.

Appellant submits that when the broad principles of the law of unfair competition and trade-mark infringement are applied to the facts and evidence of this case, an injunction should issue against the appellees. Under the modern law of unfair competition and trade-mark infringement it is unnecessary to prove actual palming off of infringers' goods for those of the owner of a trade-mark and it is unnecessary to prove confusion in the trade. Therefore, the District Court in basing its decision upon lack of evidence of such confusion was in error. As a matter of fact, the record is complete in establishing "confusion of

source" of appellees' products among the customers of appellant's wholesale jewelry business. The appellees' products are not only known under the trade-mark "FEATURE LOCK" but are known in the trade under the trade-marks: "KIN LOCK", "BRIDALOK", "ETERNA LOCK", "LOVE LOCK", "RHAPSODY LOCK", "MAGNOLIA LOCK", "INVISIBLE LOCK" and "TRU LOCK". This widespread use of confusingly similar trade-marks on identical products has the effect of whittling away and diluting appellant's trade-mark rights and good will. This "confusion of source" and dilution are sufficient grounds upon which to base injunctive relief.

2. Appellant's trade-mark "**WED LOK**" has been used, known and extensively advertised throughout the United States.

The record establishes that the trade-mark "**WED LOK**" has been used continuously and exclusively by appellant since at least the year 1936. It also establishes that appellant has dealers in 47 states, the Territory of Hawaii and the District of Columbia, and that its dealers number 1,069. Appellant has widely advertised its trade-mark "**WED LOK**", expending approximately \$153,000.00 exclusive of dealer advertising, which would amount to many additional thousands of dollars. It is, therefore, submitted that appellant's trade-mark is entitled to protection.

3. Appellant is entitled to the exclusive use of the word "**LOK**" or "**LOCK**" when used as a suffix in a trade-mark in conjunction with wedding and engagement ring ensembles.

The appellant has enjoyed exclusive use, since 1936, of the words "**LOK**" or "**LOCK**" as a suffix in a

trade-mark used in conjunction with wedding and engagement ring ensembles, and it was not until the belated entry in 1948 of appellees that this exclusive use of appellant was disturbed. The use by a competitor of a trade-mark embodying the word "LOK" or "LOCK" as a suffix is likely to cause confusion in the trade and therefore appellees by their use of such trade-mark are guilty of trade-mark infringement and unfair competition.

4. **The lower court erroneously construed the law of trade-mark infringement and unfair competition as requiring for relief: (A) Actual confusion in the ultimate customers between appellant's and appellees' products; and (B) Such similarity of trade-mark as would likely result in "palming off" of appellees' products as appellant's products.**

It is submitted that the Findings and Conclusions made by the District Court erroneously construed the law of trade-mark infringement and unfair competition because the District Court based its decision of non-infringement and lack of unfair competition on the grounds that no confusion of ultimate customers was established and the trade-marks were not so similar as would likely result in "palming off" of appellees' products as those of appellant. This theory of the District Court is entirely contrary to the established modern law of trade-mark and unfair competition and, therefore, the District Court was in error.

The lower Court should have based its opinion on "confusion of source" and "dilution of good will" which were fully established on the record and which are controlling factors in trade-mark and unfair competition cases.

5. The appellant is entitled to an injunction upon the theory of unfair competition.

Appellant's trade-mark "WED LOK" is a distinctive and valid trade-mark and was so found by the District Court (R. 41). As such it is entitled to the utmost protection. Appellant has expended thousands and thousands of dollars in advertising its trade-mark "WED LOK" and has employed this trade-mark on its goods since 1934. Such an advertising campaign and investment has created in appellant a tremendous good will in the trade-mark "WED LOK" and has entitled appellant to protection against infringers and unfair competition. The appellees' sole purpose in its wilful appropriation of a confusingly similar designation for its products is to trade upon appellant's "good will" and to "reap" the benefits of the market established by appellant for its trade-marked products.

6. Where appellant's mark or trade name has come to have a secondary meaning, such mark or trade name will be protected even though such mark or trade name is not the proper subject matter of a valid trade-mark per se.

The record establishes long and continued exclusive use and widespread advertising of the trade-mark "WED LOK" by appellant, and it also establishes that those in the jewelry trade recognize the trade-mark "WED LOK" as that of appellant and no one else. Such evidence establishes a secondary meaning in the trade as designating the products of appellant.

**APPELLANT'S RIGHT TO AN INJUNCTION IS FOUNDED UPON
THE BROAD LAW OF UNFAIR COMPETITION AND TRADE-
MARK INFRINGEMENT AND NOT UPON ANY STATUTES
RELATING TO REGISTRATION.**

Symbols as trade-marks have been used to identify origin of articles for at least four thousand (4000) years. It was not, however, until some time late in the 18th or early in the 19th century that courts commenced to protect them against imitation. And, it was with the advent of such protection in England against those who used or imitated such marks upon their own goods that what has come to be known as the "common-law trade-mark" began to be defined.

A "common-law trade-mark" is a mark which may be appropriated to the use of one person under the rules of common law.

The term "technical trade-mark" as it is generally used has come to be practically synonymous with "common-law trade-mark".¹

In the United States the exclusive right to the use of a trade-mark has always rested and still rests on the common law.²

This right "was not created by the act of Congress, and does not now depend upon it for its enforcement. The whole system of trade-mark property and civil

¹*Mishawaka Rubber & Woolen Manufacturing Co. v. Kresge Co.*, 119 Fed. (2d) 316, 323 (C.C.A. 6, 1941).

²*Trade-Mark Cases*, 100 U.S. 82, 93 (1879), 25 L.ed. 550; *United Drug Co. v. Rectanus*, 248 U.S. 90, 98 (1918), 63 L.ed. 141, 39 S. Ct. 48; *American Steel Foundries v. Robertson*, 269 U.S. 372, 381 (1926), 70 L.ed. 371, 46 S.Ct. 160; *United States Printing & Lithograph Co. v. Griggs, Cooper & Co.*, 279 U.S. 156, 158 (1929), 73 L.ed. 560, 49 S.Ct. 267, 1 PQ 245.

remedies for its protection existed long anterior to that act (viz., Act of July 8, 1870), and have remained in full force since its passage".³

The trade mark statutes have as their purpose *not the creation* of trade-marks but remedies for their enforcement (*Carroll v. McIlvaine*, 171 Fed. 125), which are principally:

1. The necessity of proving adoption and continued use is avoided, since the registration creates a presumption of such adoption and use, sufficient to make a *prima facie* case.

2. The registration tends to give notice to the public of the claim to the trade-mark.

3. The registered owner in some instances may recover triple damages.

4. Suit may be brought in the federal courts to protect a mark which is registered, without restriction as to amount involved or necessity for proving diversity of citizenship.

The difference between the act of 1905 and that of 1920 is that there is no presumption of adoption and use (ownership).

Armstrong Paint & Varnish Works v. Nu-Enamel Corporation, et al., 305 U.S. 315, 59 S.Ct. 191.

“* * * The significant distinction between the two acts is the omission in the 1920 act of the provision of section sixteen of the earlier act

³*Trade-Mark Cases*, 100 U.S. 82, 93 (1879), 25 L.ed. 550.

making the registration of a trade-mark prima facie evidence of ownership.”

Thus, the appellant's right in the case at bar to an injunction is based upon the broad substantive law of unfair competition and not the statutes relating to registration. As was said: “The entire substantive law of trade-marks (excepting statutory provisions and construction) is a branch of the broader law of unfair competition.” (*Capewell Horse Nail Co. v. Mooney*, 172 Fed. 826 (C.C.A. 2, 1909), 97 CCA 248, and *Elgin v. Illinois Watch Co.*, 179 U.S. 665, 674, 45 L.Ed. 365, 21 S.Ct. 270 (1901).

Thus, the decisions in trade-name cases as to substantive rights are as applicable here as cases strictly confined to trade-marks *per se*.

APPELLANT'S TRADE-MARK "WED LOK" HAS BEEN USED, KNOWN AND EXTENSIVELY ADVERTISED THROUGHOUT THE UNITED STATES.

The evidence shows that appellant's trade-mark “WED LOK” has been used and extensively advertised since 1934 by appellant and that appellant has a tremendous good will and investment in said trade-mark “WED LOK” (Finding XI, R. 40).

Exhibit AA (R. 762-816) establishes that appellant sells directly to dealers in 47 states, the Territory of Hawaii and the District of Columbia. These dealers are located in 602 cities and towns throughout the United States, Territory of Hawaii and the District

of Columbia; and that said dealers number 1,069. It is thus seen that this business of appellant has grown to tremendous proportions, and that its trade-mark "WED LOK" has been used and has become known throughout the entire country. It has also been established on the record that the appellant has spent, in advertising the trade-mark "WED LOK", approximately \$153,000.00 (Finding XI, R. 40). This expenditure does not take into consideration the tremendous volume of dealer advertising that has gone on, and as shown by Exhibits DD, EE and FF which are before this Court as physical exhibits. This dealer advertising of the trade-mark "WED LOK" would amount to many, many additional thousands of dollars.

This widespread use and extensive advertising of a trade-mark has developed into a valuable property right that should be protected by a court of equity. Great weight should be given by such Court to such evidence in determining whether or not a competitor is endeavoring to cash in on the reputation of another. In other words, one should not be allowed to "reap" where one has not "sown". This Court has confirmed this rule in the case of *Stork Restaurant, Inc. v. Sahati*, 166 Fed. (2d) 348, at 356, where Judge Garrecht, in discussing the effect of advertising, stated:

"The amount of advertising that the senior appropriator has given to his trade name is another element that the courts will take into consideration in determining whether he is entitled to redress against a junior appropriator.

In *Lady Esther, Limited v. Flanzbaum*, supra, D.C., 44 F. Supp. at pages 668, 669, the court

carefully itemized the advertising outlay of the complainant, and found that it totaled more than a million dollars a year for six years. In granting the complainant an injunction, the court observed:

‘The trade name “Lady Esther” is fanciful. The complainant has spent large sums of money in advertising to build up good-will and to make its trade-name and products known to the purchasing public. The complainant used the trade-name for about twenty-nine years before the respondent adopted it in his business.

‘Assuming that the respondent adopted the trade-name “Lady Esther” because, as his son testified, it was the nickname of his son’s wife and the adoption was made in good faith, I do not believe that it can be charged to coincidence that the respondent adopted practically the same script on his advertising signs and on his products as the complainant used in its trade-mark on its products.’ ”

* * * * *

“ ‘Reaping Where One Has Not Sown’.

The decisions frequently refer to this sort of imitation as ‘reaping where one has not sown’ or as ‘riding the coattails’ of a senior appropriator of a trade name.

By whatever name it is called, equity frowns upon such business methods, and in proper cases will grant an injunction to the rightful user of the trade name.”

* * * * *

“ ‘These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has

not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.' ”

APPELLANT IS ENTITLED TO THE EXCLUSIVE USE OF THE WORD “LOK” OR “LOCK” WHEN USED AS A SUFFIX IN A TRADE-MARK IN CONJUNCTION WITH WEDDING AND ENGAGEMENT RING ENSEMBLES.

The appellant, since at least 1936, has been in exclusive possession of the trade-mark “WED LOK” for wedding rings and, as a matter of fact, has enjoyed exclusive use during this period of the words “LOK” or “LOCK” as a suffix in a trade-mark used in conjunction with wedding and engagement ring ensembles. It was not until the belated entry into the field of appellee, in 1948, that the exclusive use of the word “LOK” or “LOCK” by appellant was disturbed when appellees used the trade-mark “FEATURE LOCK” for their rings. In addition to this, of course, there is the subsequent “hatching out” of the trade-marks “KIN LOCK”, “BRIDALOK”, “ETERNA LOCK”, “LOVE LOCK”, “RHAPSODY LOCK”, “MAGNOLIA LOCK”, “INVISIBLE LOCK” and “TRU LOK”. Another important fact that should be given consideration by this Court is that the appellees in employing the word “LOCK” as a part of their trade-mark met with immediate success in the distribution and sale of their rings. Mr. Peterson testified at R. 312-315 that the success of ap-

pellee, Feature Ring Co., in the sale of its "FEATURE LOCK" trade-marked products was immediate. There was no slow step by step progress in establishing a market for these trade-marked products. The reason for this is clearly apparent. Appellant had established a market for goods employing a trade-mark with the suffix "LOK" and the trade was well informed with respect to such a trade-mark. Further, the jewelers who purchased such goods on the wholesale market thought that the appellees' products were those of appellant (see testimony of Jacoby at R. 446; Goldblatt at R. 508; Jackson at R. 474; Navarro at R. 582 and Shapiro at R. 694).

Appellant by its long use of the word "LOK" as a suffix in its trade-mark designating ring ensembles, is entitled to the exclusive use of the word "LOK" or "LOCK" in this field.

This is in full accord with the authorities.

Kraft Cheese Co. v. Leston Co., 43 Fed. Supp. 782 (1941).

In this case the plaintiffs owning the trade-mark "Miracle Whip" sought to restrain the mark used by defendant, "Leston's Salad Whip". The Court found as facts:

(1) That prior to adoption of "Miracle Whip" other manufacturers of mayonnaise and salad dressing had used the word "whipped" in a descriptive sense for the purpose of indicating that their products were beaten or whipped in the process of manufacture.

(2) That the composite mark "Miracle Whip" and also the word "Whip" alone have become well known to the consuming public and to the trade as indicating plaintiff's salad dressing.

(3) That the name "Leston's Salad Whip" was adopted after defendant had full knowledge of plaintiff's "Miracle Whip" use.

In view of the above facts, the Court held that plaintiff was entitled to the exclusive use of the mark "Whip" as applied to salad dressing, and that the mark "Salad Whip" infringed the plaintiff's rights, and that the plaintiff was entitled to an injunction restraining defendant's use of the word "Whip" in connection with the use of the mark "Salad Whip".

Note that the trade-mark "Miracle Whip" was sustained by two additional District Courts.

Kraft-Phenix Cheese Corporation v. Goldfarb, et al. (D. C. Calif.), 7 F. Supp. 199;

Kraft-Phenix Cheese Corporation v. R. E. Robertson, Inc. (D. C. Mich.), 9 F. Supp. 125.

This Court in the case of *N. K. Fairbank Co. v. Luckel, King & Cake Soap Co.*, 102 Fed. 327 (C.C.A. 9, May 7, 1900), held that a trade-mark employing identical prefixes conflicted. In that case the Court held that "Gold Dust" was infringed by the name "Gold Drop", despite the fact that entire dissimilar labels were adopted by the infringer. In discussing the question of infringement, the Court said:

“This is a suit in equity. It was instituted to restrain the infringement of the trade-mark or trade name ‘Gold Dust’, used to designate a washing powder manufactured and sold on the market by appellant. The alleged infringement consists of the use of the name ‘Gold Drop’ to designate a washing powder manufactured and sold by appellee. * * *

“The testimony shows that respondent at the time it commenced the manufacture of its washing powder ‘Gold Drop’ was well aware of the existence of complainant’s ‘Gold Dust,’ and that it had been extensively and expensively advertised in Oregon as well as in other states; * * *

“The law is well settled that in suits of this character the intention of the respondent in adopting the style of package, or choosing a name for a similar product, is to a certain extent immaterial. It is not essential to the right of complainant to an injunction to show absolute fraud or willful intent on the part of the respondent. Upon familiar principles, it will be presumed that the respondent contemplated the natural consequences of its own acts. If the acts of respondent in the adoption of the name ‘Gold Drop’ constituted an infringement of the trade-mark or trade-name of the complainant, and it was put on the market in such a manner as to interfere with the legal rights of complainant, to its loss and injury, it would be entitled to an injunction, irrespective of the question of any testimony as to actual fraud or willful intent. The Court must determine the intent from respondent’s acts and the results produced thereby. *R. Henisch & Sons v. Boker* (C.C.), 86 Fed. 766, 769.

“* * * It must constantly be borne in mind that there are two kinds of trade-marks—one of peculiar pictures, labels, or symbols; the other in the use of a name. The infringement charged herein is in the adoption by the respondent of both the trade-name and trade-mark. So far as the name ‘Gold Dust’ is concerned, the dissimilarity of the labels, size of packages, and character of symbols can make no essential difference. As was said in *Hier v. Abrahams*, 82 N. Y. 519, 525:

“ ‘The trade-mark consisted in the word simply, and the plaintiffs might have printed it on any form of label they might fancy, without losing the protection of the law. The defendants had no right to adopt it by merely putting it on a label of different fashion from that which the plaintiffs had been in the habit of using.’

* * * * *

“The trade-name differs from the trade-mark in this: that one appeals to the ear more than to the eye. The advertisements of the name were for the purpose of having the intended purchaser ask for ‘Gold Dust’ without his having any knowledge of the character of the label on the package he was to receive, and in this sense the fact that the infringer of the name used different devices and symbols would have no great force. The imitation of the name ‘Gold Dust’, by which the soap or washing powder of complainant was known, would constitute an infringement, because purchasers would be liable to be misled who had no knowledge of the article except the advertised name as being the best soap or washing powder in the market. It is not unusual for a certain specific article advertised extensively, of reputed ex-

cellence, to become publicly known and called for by the name which is more readily retained in the memory. This is one of the reasons why respondent selected the name 'Gold Drop',—'on account of its being short; good for advertising, and easy to remember.' "

It is submitted that appellant has established a market for wedding and engagement ring ensembles under a trade-mark embodying the word "LOK" or "LOCK" as a suffix, and any one who adopts a trade-mark employing this word is likely to cause confusion and is therefore guilty of trade-mark infringement and unfair competition.

THE TRIAL COURT ERRONEOUSLY CONSTRUED THE LAW OF TRADE-MARK INFRINGEMENT AND UNFAIR COMPETITION AS REQUIRING FOR RELIEF (A) ACTUAL CONFUSION IN THE ULTIMATE CONSUMERS BETWEEN APPELLANT'S AND APPELLEES' PRODUCTS, AND (B) SUCH SIMILARITY OF TRADE-MARKS AS WOULD LIKELY RESULT IN "PALMING OFF" OF APPELLEES' PRODUCTS AS APPELLANT'S PRODUCTS.

Proof of palming off and confusion in ultimate customers is unnecessary to granting relief to appellant.

The major premises relied upon by the District Court in refusing relief to appellant are that the appellant failed to establish that appellees had palmed off their goods as those of appellant, and that appellant failed to establish confusion in ultimate customers between the products of appellant and appellees. In other words, appellant did not establish that the purchasing public that enters a retail jewelry store and buys an engagement-wedding ring ensemble was

confused between the trade-marks "FEATURE LOCK" and "WED LOK" and, further, appellant did not prove any instances wherein the products of the appellees were passed off to the purchasing public as the products of appellant.

The law is well established that such proof is unnecessary. The District Court seemingly based its entire decision of non-infringement and lack of unfair competition on these two premises. This is clearly established by Findings of Fact Nos. XIII and XIV and Conclusions of Law No. V which state:

FINDINGS OF FACT XIII.

"That the words 'Feature Lock' are sufficiently distinct from 'Wed-Lok' as to preclude likelihood that the Feature Ring Co.'s product will be passed off as those of plaintiff."

FINDINGS OF FACT XIV.

"The evidence fails to show confusion in the ultimate customers between the products marked 'Feature Lock' and plaintiff's products marked 'Wed-Lok,' and neither trade-mark infringement nor unfair competition is established."

CONCLUSIONS OF LAW V.

"That no confusion was shown between the ultimate customers of plaintiff and defendants and therefore plaintiff failed to establish trade-mark or unfair competition by defendants."

The rule that actual deception and damage is unnecessary to injunctive relief was discussed in the

recent case of *Stork Restaurant, Inc. v. Sahati et al.*, 166 Fed. (2d) 348, at 359, and in this respect this Court of Appeals stated the following:

“The appellees stress the fact that the appellant has failed to show that ‘appellees’ operation in any way has injured appellant,’ etc.

Neither under the California jurisprudence nor under the general law is such showing necessary. The California decisions, indeed, are overwhelmingly in accord on this point.

In the motion picture case, *supra*, 15 Cal. (2d) at pages 691, 692, 104 P. (2d) at page 653, the Supreme Court of the State thus enunciated the rule: ‘And it does not appear necessary that the parties be in competitive businesses or that the injury has already occurred. It is sufficient if the names, although not identical, are sufficiently similar to cause confusion and injury. (Cases cited.)’

And in the recent case of *Winfield v. Charles*, *supra*, 77 Cal. App. (2d) at page 70, 175 P. (2d) at page 73, we find the following succinct statement: ‘It is unnecessary, in such an action, to show that any person has been confused or deceived. It is the likelihood of deception which the remedy may be invoked to prevent.’

This is undoubtedly the Federal rule. In *Adolph Kastor & Bros. v. Federal Trade Commission*, 2 Cir., 138 F. (2d) 824, 826, the court thus summarized the doctrine: ‘No one need expose his reputation to the trade practices of another, even though he can show no pecuniary loss.’ ”

In the case of *G. H. Mumm Champagne v. Eastern Wine Corporation*, 142 F. (2d) 499, 501 (C.C.A. 2), the

lower court's decree enjoining defendant from using plaintiff's mark "Mumm's Champagne" on champagne was affirmed, the Court of Appeals saying:

"The defendant argues, however, that, while in the case of a trade-mark infringement, it is not necessary to show instances of actual confusion, it is necessary to do so in cases of unfair competition, *and concededly none have been shown*. It is of course true that to recover damages or profits, whether for infringement of a trade-mark or for unfair competition, it is necessary to show that buyers, who wished to buy the plaintiff's goods, have been actually misled into buying the defendant's; but *when the question is of an injunction, we can find as little warrant for demanding evidence of actual confusion in cases of unfair competition as in those of trade-mark*." (Emphasis ours.)

In *S. C. Johnson & Son v. Johnson*, 116 F. (2d) 427, 429 (C.C.A. 2), the defendants used "Johnson's Household Cleaner" on cleaning fluid for rugs, etc.; plaintiff used "Johnson's" on floor waxes and the like. The District Court's decree in favor of plaintiff was modified and affirmed by the Court of Appeals and on the question of confusion of customers it was said:

"Obviously the plaintiff cannot stand upon the usual grievance in such cases; i.e., that the defendant is diverting its customers. It *has no customers to divert*, for it does not sell a cleaner for fabrics; and, as to glazed surfaces, it began to sell its cleaner for these after the defendant; it was the newcomer in that market. Therefore it invokes the doctrine that when a good will is established under

the owner's name, given or assumed, he may protect it, not only against the competition of those who invade his market, but also against those who use the name to sell goods near enough alike to confuse his customers. We have often so decided, and it is not necessary to do more than refer to our last discussion. *Emerson Electric Mfg. Co. v. Emerson Radio & Phonograph Corp.*, 105 F. (2d) 908." (Emphasis ours.)

Again in *Wisconsin Electric Co. v. Dumore Co.*, 35 F. (2d) 555, 558 (C.C.A. 6), the Court ruled:

"It was not essential that plaintiff prove any particular injury or that any purchaser was misled. *Bickmore Gall Cure Co. v. Karns*, 134 F. 833, 835 (C.C.A. 3). It is sufficient if there was manifest liability to deceive, *Ralston Purina Co. v. Western Grain Co.*, 23 F. (2d) 253, 255 (C.C.A. 5), or, if there was reasonable probability of injury. *Peninsular Chem. Co. v. Levinson*, supra."

In *United Dressed Beef Co. v. United Butchers*, 262 N.Y.S. 562, the plaintiff and defendant engaged in the same business, using their respective names above. Defendant was enjoined from using the word "United", the Court holding:

"It is not necessary to show that there has been any confusion or loss of business as a result of the similarity of names."

It is submitted that the District Court held contrary to law when it based its decision of non-infringement and lack of unfair competition on the ground that "no confusion in the ultimate customers between the prod-

ucts marked 'FEATURE LOCK' and plaintiff's products marked 'WED LOK' " was proven. Such a showing under the above authorities was unnecessary and lack of such a showing is not proper grounds upon which to base a decision of non-infringement and lack of unfair competition.

It is submitted that the District Court's Findings in both of these respects is contrary to the law.

Confusion of source.

Appellant's position was misconstrued by the lower Court in that said lower Court refused to issue an injunction on the grounds that there was no palming off of appellees' products for those of appellant and that there was no "confusion in the ultimate customers."

The District Court failed to recognize that the appellant is engaged in two distinct types of business, both of which types are entitled to protection. First, the appellant in the Bay Area has a retail business, the ultimate customers being the general public residing in this area. Second, and by far the largest portion of appellant's business in its trade-marked goods, is its wholesale business where so far as appellant is concerned its ultimate customers are retail jewelry stores throughout the country.

Certainly the evidence adduced in this case established "confusion of source" in these customers of the appellant in its wholesale business. For example, the witnesses Jacoby (R. 446-447), Jackson (R. 474), Goldblatt (R. 508-509), Navarro (R. 582-583) and

Shapiro (R. 569-595) each testified that they were confused as to the source of the "FEATURE LOCK" rings when said rings first came to their attention and that they thought these rings were a product of Granat Bros., the appellant herein.

This "confusion of source" theory is applicable in the wholesale trade as well as in the retail trade. The appellant should not be penalized because it is engaged in the wholesale jewelry business, and its trade-marks which are a part of its good will and assist in establishing appellant's reputation in the industry should not be subject to this "dilution" and "whittling away" by competitors. Appellant, in the protection of its reputation and good will, should be able to enjoin competitors from confusing its customers and from the possibility of confusing potential customers.

Appellant has a tremendous investment in the good will attendant upon its trade-mark "WED LOK" and is seeking only protection of this valuable property right. From the multitude of names appellees had to choose from in selecting a name for its rings, there was little need for it to adopt one that was so confusingly similar to appellant's trade-mark. The cause of this "confusion of source" rests squarely upon the shoulders of the appellee, Feature Ring Co., Inc., and as was said in the case of *Cleo Syrup Corporation v. Coca-Cola Co.*, 8th Circuit, 139 Fed. (2d) 416-417 (cert. denied 321 U. S. 781):

"* * * There is no merit in the contention that a court of equity will not afford protection to the plaintiff's trade-mark or prevent its good will from being nibbled away by unfair competitors."

Another important factor to be considered in this regard is that the appellee, Feature Ring Co., knew at the time it originally adopted the trade-mark "FEATURE LOCK" and sold rings under said trade-mark that there was going to be "confusion of source" between the two trade-marks "WED LOK" and "FEATURE LOCK" and warned its customers of this fact. This is established by the testimony of Leonard V. Block, one of the partners of appellee, Samuel H. Friend, where at R. 400 he testified as follows:

"A. Yes, sir, that is the only letter I could find of like import. Most of the customers when I originally showed them the item, I told them that if there was any question that we would back up—that the Feature Ring Co. would back them up.

Q. In other words, you anticipated that there would be trademark litigation?

A. Yes."

If appellee, Feature Ring Co. Inc., in good faith adopted its trade-mark "FEATURE LOCK", why did it have to anticipate trade-mark infringement? Why was it necessary for it to tell its wholesale distributors and, in turn, have its wholesale distributors inform their customers that "the Feature Ring Co. would back them up" in any trade-mark infringement case with Granat Bros. The answer to these questions is self-evident. Both Feature Ring Co., Inc. and Samuel H. Friend knew that the adoption of the trade-mark "FEATURE LOCK" was the adoption of a trade-mark confusingly similar to appellant's trade-

mark "WED LOK" and that there would be resultant "confusion of source", trade-mark infringement and unfair competition.

Again on the question of confusion, the Court's attention is directed to the testimony of Mr. Peterson, President of Feature Ring Co., which established confusion as to the origin of ring ensembles bearing the use of the word "LOCK". This confusion involved a ring ensemble marked "DOVETAIL LOCK" which was handled by one of appellee Feature Ring Co.'s distributors. This distributor thought that this ring was one of appellee's manufacture and after it had received a notice of trade-mark infringement because of the use by a customer of said distributor of the trade-mark "DOVETAIL LOCK" the said notice was sent to appellee Feature Ring Co., demanding indemnity for the retail jeweler. In this respect Mr. Peterson testified at R. 339 as follows:

"Now, as a matter of fact, your dealer was confused as to who manufactured Dovetail Lock, because as a matter of fact, Dovetail Lock is not of your manufacture, isn't that so?

A. That is correct."

It is submitted that the record of this case establishes beyond any doubt "confusion of source" between the trade-marks "FEATURE LOCK" and "WED LOK" and as this Court of Appeals stated in the recent case of *Stork Restaurant, Inc. v. Sahati, et al.*, 166 Fed. (2d), 348 at 356:

"We reach now what is perhaps the controlling principle in the instant case—that of 'confusion

of source', with its corollary, 'dilution of good will'. This doctrine has been adumbrated in the excerpts from some of the decisions that we have already quoted: a direct inquiry into the problem is now in order.

* * * * *

One's interest in a trade-mark or trade name came to be protected, therefore, not only on competing goods, but on goods so related in the market to those on which the trade-mark or trade name is used that the good or ill repute of the one type of goods is likely to be visited upon the other. Thus one's interest in a trade-mark or trade name is protected against being subjected to the hazards of another's business.' *Restatement, Id.*, at pages 597-598.

* * * * *

'These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.'

* * * * *

There is no need for the appellees to appropriate the appellant's 'fanciful' or 'arbitrary' trade name. As was said by the Supreme Court of California in *Eastern Columbia, Inc. v. Waldman*, *supra*, 30 Cal. (2d) at page 270, 181 P. (2d) at page 867: 'Under these circumstances it is difficult to find any justification for permitting defendant to use those words at all in his business whether alone or in conjunction with other words. There is no commercial necessity for him to use them. They are not necessary to describe his busi-

ness or the products he sells such as there might be if they had other than a fanciful meaning with no geographic significance.'

This thought that a newcomer has an 'infinity' of other names to choose from without infringing upon a senior appropriation runs through the decisions like a leitmotiv.

In *Florence Mfg. Co. v. J. C. Dowd & Co.*, supra, 2 Cir., 178 F. at page 75, we find a classical statement of the principle: 'It is so easy for the honest business man, who wishes to sell his goods upon their merits, to select from the entire material universe, which is before him, symbols, marks and coverings which by no possibility can cause confusion between his goods and those of competitors, that the courts look with suspicion upon one who in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them.'

And in *Coca-Cola Co. v. Old Dominion Beverage Corporation* supra, 4 Cir., 271 F. at page 604: 'Plaintiff's rights are limited at the most to two words. All the rest of infinity is open to defendant. It will be safe if it puts behind it the temptation to use in any fashion that which belongs to the plaintiff. It has not done so voluntarily, and compulsion must be applied.' "

In the case of *Bulova Watch Company v. Stolzberg*, 69 F. Supp. 543, the Court in discussing unfair competition and confusion of source said:

"Gradually, however, the cases have come to recognize that it is the 'unfairness' of the defend-

ant's conduct rather than the existence of 'competition' between plaintiff and defendant which forms the basis for the intervention of a court of equity. The trade-mark not only serves to designate the source of the owner's products, but also stands as a symbol of his good will and hence is an instrument for the creation and retention of custom. Schechter, F. I., *The Rational Basis of Trade-Mark Protection*, 40 *Harvard Law Review*, 813. Where the mark is strong, i.e., unique or fanciful, the courts have been more prone to grant protection from use on noncompeting goods."

Still another case that discusses the theory of confusion of source is that of *Philadelphia Storage Battery v. Mindlin*, 296 N. Y. S. 176, where the Court said:

"* * * But diversion of trade is not the only injury which may be caused by the second use. The normal potential expansion of the plaintiff's business may be forestalled. * * * His reputation may be tarnished by the use of his mark upon an inferior product. * * * A false impression of a trade connection between the parties may be created, possibly subjecting the plaintiff to liability or to the embarrassments of litigation, or causing injury to his credit and financial standing. * * *"

* * * * *

"The element of the possibility of confusion at source has been stressed in various decisions. The ambit of protection is constantly being widened. The adoption of 'Kodak' for cameras precludes its use on bicycles * * *. 'Rolls-Royce,'

the name of an automobile, may not be appropriated for radio tubes * * * ; 'Time' as a brand of bicycles may be restrained by the proprietor of a newspaper bearing that name * * * ; 'Waterman' as a mark for razor blades may be interdicted at the suit of the fountain pen company * * * ; the use of 'Dunhill' the famous brand for smokers' supplies, on shirts constitutes an infringement * * * ; the same mark may not be used on liniment and soap * * * ; automobiles and tires * * * ; food products and oleomargarine * * * ; upon electrical appliances and spark plugs * * * ; upon cooking utensils and wash boilers * * * ; or upon mineral oil and figs * * * ." (Emphasis ours.)

It is seen by the above cases that the theory of "confusion of source" is well established, and in applying the law to the facts of the instant case where such "confusion of source" is clearly established by the record, an injunction should issue against appellees enjoining them from such unfair trade practices.

The basis and principle upon which appellant is entitled to relief is the principle of "confusion of source" with its corollary "dilution of good will".

This principle has been defined by this Court in the case of *Stork Restaurant v. Sahati*, 166 Fed. (2d) 348, as follows (quoting from page 356 of that volume):

"We reach now what is perhaps the controlling principle in the instant case—that of 'confusion of source', with its corollary, 'dilution of good will'.

* * * confusion of source may be defined as a misleading of the public by the imitation of 'An attractive, reputable trade-mark or trade name * * * not for the purpose of diverting trade from the person having the trade-mark or trade name of the imitator, but rather for the purpose of securing for the imitator's goods some of the good-will, advertising and sales stimulation of the trade-mark or trade name'."

It should be emphasized that the actionable confusion in the present case does not rest solely upon the proposition that the goods of the appellees may be mistaken by the public for the appellant's goods. The gravamen of this case is the likelihood, as we will show, that the public will be led to believe that in some fashion the goods of the appellees will in some way be associated or connected with that of the appellant, or is under the supervision or sponsorship of the appellant; in other words, the likelihood that the two businesses will "be regarded by prospective purchasers as associated with the source identified by the trade-mark or the trade name" (Rest. Torts, Vol. III, Sec. 730, page 596).

"The confusion of source" concept is now the accepted doctrine in this field of the law, not only generally (*Brooks Bros. v. Brooks Clothing*, in Infringement of Trade-Mark or Trade Name, 148 A.L.R. 12, 53, ff., and cases therein cited; Kahlman, *Unfair Competition of Trade-Marks*, Vol. II, pp. 116-121) but in California as well. (See, for example, *Eastern Columbia v. Waldman*, 30 C. (2d) 268; *Winfield v.*

Charles, 77 C. A. (2d) 64; *Jackman v. Mau*, 78 C. A. (2d) 234; *Physicians Electric Service v. Adams*, 79 C. A. (2d) 550; *Academy of Motion Picture Arts and Sciences v. Benson*, 15 C. (2d) 685.)

Thus under the doctrine of "confusion of source", the trial Court should have considered whether or not the similarity in the trade-marks "FEATURE LOCK" and "WED LOK" was such that ultimate purchasers might believe that the goods trade-marked "FEATURE LOCK" were in some fashion sponsored by the appellant or were put out under the supervision or sponsorship of the appellant and regarded by prospective purchasers as the source identified by the trade-mark "WED LOK". Also the trial Court should have considered whether or not the purpose of adopting the trade-mark "FEATURE LOCK" for the identical goods of the appellant marked "WED LOK", as well as the effect of such adoption, was not for securing for the appellees' goods some of the good will, advertising and sales stimulation of the trade-mark "WED LOK". That this is an element in considering the question of "confusion of source" is clear from the *Stork Restaurant v. Sahati case*, 166 Fed. (2d) 348. Obviously, that the adoption of "FEATURE LOCK" for the appellees' goods had that effect is evident from the record which shows that, although the appellant's business built up more or less slowly over a period of ten or more years, the appellees' goods immediately that it was offered attained forthwith wide acceptance and resulted in a tremendous amount of business. That the purpose of

the use of a somewhat similar name by the appellees and those dealing for them was actually for securing the effect of some of the good will, advertising and sales stimulation of the trade-mark "WED LOK" is further evident from the fact that in at least eight instances the retailers dealing only in the appellees' rings adopted similar trade-marks imitating the trade-mark "WED LOK". The following are those marks: "KIN LOCK", "BRIDALOK", "ETERNA LOCK", "LOVE LOCK", "RHAPSODY LOCK", "MAGNOLIA LOCK", "INVISIBLE LOCK" and "TRU LOCK". That these latter trade-marks, which were also applied to appellees' goods by the retailers, were actually "hatched" from the trade-mark "FEATURE LOCK" of the appellee, Feature Ring Co., is clear from the appellees' own testimony (R. 342), and the only evidence in the case is to the end that the "confusion of source" was the result of the appellee Feature Ring Co.'s adoption of the trade-mark "FEATURE LOCK".

Mr. Morris Jacoby (R. 446-447) testified that he is a jeweler in Portland, Oregon, has been in the jewelry business for approximately forty-three years, and that he has known the ring ensemble sold under the trade-mark "WED LOK" for a period of about ten years. He further testified that, when he first saw the mark "FEATURE LOCK" in a newspaper advertisement of a competitor, he was caused to think that the appellant, Granat Bros., were selling their rings in Portland through another dealer.

Mr. Leonard Goldblatt (R. 508-509) testified that he resided in Salem, Oregon, and had been a jeweler for thirty-three years, and that he had known the appellant, Granat Bros., since about 1916. He also testified that he has known of the use of the trade-mark "WED LOK" in connection with ring ensembles for the last twelve or fourteen years and had been selling them for the last two and one-half to three years. He further testified that when he first heard of "FEATURE LOCK" being applied to wedding ring and engagement ring ensembles, he thought it was another product of Granat Bros., appellant, put out with a different name so that Granat could open other accounts than those which were selling "WED LOK" rings.

Mr. Holly Jackson (R. 474) testified that he was a jeweler in Salem, Oregon, and had been for approximately twenty-seven years, that he had known of Granat Bros. for at least twenty years, and that he had known of wedding ring and engagement ring ensembles sold under the "WED LOK" trade-mark for about five years. He testified that when he first heard of the trade-mark "FEATURE LOCK" in connection with engagement ring ensembles he thought it was another Granat ring.

Arthur A. Navarro (R. 582-583) testified that he was a jeweler at Aurora, Illinois, and had been for approximately twenty-four years, and he had known of the Granat Bros. for fifteen years and he handled the products manufactured by Granat Bros. including "WED LOK" rings. He testified that when he first

heard of the trade-mark "FEATURE LOCK" to identify wedding-engagement ring ensembles he identified it with Granat Bros.

Benjamin B. Shapiro (R. 694-695) testified that he was a jeweler in Beverly Hills, California, and that he had been for some thirty-seven years, that he had known of Granat Bros. for more than twenty-four years, and that when he first heard of the name or mark "FEATURE LOCK" used in connection with a ring ensemble he identified it with Granat's products but later was confused as to whose product it was.

From the foregoing testimony, it certainly would appear that the confusion of source element of trade-mark infringement and unfair competition has been established because those even in the business of handling wedding rings and wedding-engagement rings when they first heard of the mark "FEATURE LOCK" forthwith identified it with the appellant, and, therefore, in some way associated or connected that product with the appellant or that the product in some fashion was put out under the supervision or sponsorship of the appellant and, therefore, the products marked "FEATURE LOCK" and "WED LOK" were associated with the same source.

The second element, which is important and upon which appellant is entitled to relief, is that of "dilution" and "nibbling away" of the appellant's property right in the mark "WED LOK". It has been abundantly established by the authorities that the owner of a trade-mark has a property right therein

which he is entitled to protect against “dilution” and “nibbling away” by imitators.

This Court, in the *Stork Restaurant v. Sahati case*, stated:

“ ‘Common law trade-marks, and the right to their exclusive use, are, of course, to be classed among property rights (*In re Trade-Mark Cases*, 100 U.S. 82, 92, 93, 25 L. Ed. 550, 551); but only in the sense that a man’s right to the continued enjoyment of his trade reputation and the good will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality. * * * ’ ”

Obviously the effect of the use by “FEATURE LOCK” by the appellee, Feature Ring Co., and the eight other lock trade-marks “hatched” therefrom has been to “whittle away” and “nibble away” the good will of appellant and the great diminution of the value of its trade-mark, and a separation of its trade-mark from its good will.

In the words of a leading authority on this subject, the real injury is the gradual “whittling away” or dispersion of the identity and hold upon the public mind of the mark or name by its use on other goods. Authority has gone so far as to suggest that where the danger of dilution exists, the Court should “not embark upon an obviously irrelevant inquiry into the possibility of confusion” (meaning confusion between ultimate purchasers or the palming off of goods).

The California Courts also have recognized that "the benefits of an exclusive trade-mark are to create and preserve a favorable reputation, *to stimulate the sale of a product*, and to distinguish it from similar competing products." *Sun Maid Raisin Growers v. Mosesian*, 84 C. A. 485; see, also, *Hall v. Holstrom*, 106 C. A. 563. And while most of the California cases deal with personal names, geographical names and other designations which are relatively "weak", the Court granted injunctive relief upon the theory that the plaintiff had an exclusive property right in such name and that the use of a similar name by the defendant resulted in damage to the plaintiff's "standing and reputation" and to the "market ability of the plaintiff's business".

Very obviously the significance and value of appellant's trade-mark "WED LOK" as an advertising device has been seriously impaired by the adoption and use of "FEATURE LOCK" by the appellees and the subsequent "hatching" out therefrom and labeling of appellees' goods with the other eight names, such as "KIN . LOCK", "BRIDALOK", "ETERNA LOCK", etc., and that unless injunctive relief is granted to preserve the identity and singularity of the appellant's trade-mark, appellant may one day find itself literally hemmed in by "FEATURE LOCK", "TRU-LOCK", etc., and, as a result the value of its trade designation "WED LOK" and its great investment in it may be largely destroyed if it has not already been hemmed in by such trade-marks and its good will appreciably diminished.

Thus we contend that the appellant has been irreparably damaged and will continue to be unless it can obtain relief in this Court by way of injunction.

Appellant's trade-mark is being whittled away and diluted by the unfair competition of appellees.

There can be no question but that appellant has established an enviable good will and reputation in the industry for the quality of its merchandise and in the trade-mark "WED LOK". This trade-mark has been continuously used by appellant since 1936 and thousands and thousands of dollars have been spent in advertising and establishing this mark in the trade and with the public.

Appellee, Feature Ring Co., entered this field of manufacturing and selling interlocking rings at a recent date (May 1948, R. 363) and had knowledge at the time of its adoption of its trade-mark "FEATURE LOCK" of appellant's trade-mark "WED LOK" (R. 284). Of all the names appellee, Feature Ring Co., could have selected as a trade-mark for its product, it chose one as close as it possibly could to appellant's trade-mark, no doubt, in the hopes that it could "get away with it" and still benefit from the good will of its successful competitor.

The appellee, Feature Ring Co., was not content with its adoption and use of a single infringing trade-mark on its own behalf, but encouraged its distributors to use the word "LOCK" in connection with the sale of its product by said distributors. These other names employed by the distributors and "hatched"

from the "FEATURE LOCK" trade-mark (R. 357) are: "KIN LOCK"

"BRIDALOK"

"ETERNA LOCK"

"LOVE LOCK"

"RHAPSODY LOCK"

"MAGNOLIA LOCK"

"INVISIBLE LOCK"

"TRU LOCK".

The adoption of these additional names has resulted in a "hemming in" of appellant with confusingly similar names on identical goods. This "hemming in" is actionable as unfair competition as was said in *Stork Restaurant, Inc. v. Marcus et al.*, 36 Fed. Supp. 90-94:

"* * * In fact, reflection clarifies the possible, perhaps probable effects of licensing such an usurpation of reputation as here confronts me. Upon the strength of a single, if sustained, precedent the plaintiff could be literally 'hemmed in' by 'Stork Clubs', until the public was so surfeited with the same that the mere mention of the name would provoke contrary reactions."

We find that there has been a constant nibbling or whittling away and dilution of appellant's rights. This nibbling, whittling away and dilution is also a violation of appellant's trade-mark and property rights and constitutes unfair competition. This doctrine of unfair competition was discussed by this Court in the now celebrated case of *Stork Restaurant, Inc. v. Sahati*, 166 Fed. (2d) 348, at 356, where this Court said:

“We reach now what is perhaps the controlling principle in the instant case—that of ‘*confusion of source*’, with its corollary, ‘*dilution of good-will*’. This doctrine has been adumbrated in the excerpts from some of the decisions that we have already quoted: a direct inquiry into the problem is now in order.”

* * * * *

“‘These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.’

In *Cleo Syrup Corporation v. Coca-Cola Co.*, 8 Cir., 139 F. (2d) 416, 417, 150 A.L.R. 1056, certiorari denied, 321 U.S. 781, 782, 64 S. Ct. 638, 88 L. Ed. 1074, the court declared that ‘There is no merit in the contention that a court of equity will not afford protection to the plaintiff’s trademark or prevent its good will from being nibbled away by unfair competitors.’ ”

In *Lady Esther v. Lady Esther Corset Shoppe* (1943), 317 Ill. App. 451, 46 N. E. (2d) 165, the Court said:

“In the instant case we think it clear that the public might be deceived into thinking there was some connection between the defendant and the plaintiff companies. *And the good-will of plaintiff, which it had built up at great expense over a period of years, would be whittled away. Courts of equity ought not to be so feeble as to be unable to prevent this.*” (Emphasis ours.)

Value of the word "LOCK" or "LOK" in appellant's and appellee's trade-mark was established by one of appellee's own witnesses.

During the course of this case, appellee, Feature Ring Co., called as a witness a wholesale distributor of jewelry products, Maurice R. Stamper, who emphasized the value of the word "LOCK" in the trade-mark adopted by his company, Julius Dreyfus, Inc., in the trade-mark "ETERNA LOCK", under which it sold rings manufactured by appellee, Feature Ring Co. Mr. Stamper stated that if the word "LOCK" were deleted from the trade-mark, it would destroy the distinctiveness of the trade-mark. In his deposition, Exhibit 39, at R. 80, he stated the following:

"Q. Would you say that the word 'Lock' was a dominating feature of your trade-mark 'Eterna Lock'?

A. I would say it would be very important because to call it 'Eterna Diamond Rings' is no different than 5000 other trade name diamond rings on the market, and in order to describe what the feature was that we were selling the Lock had to be added.

Q. There was nothing to prevent you at the time other than your own merchandising course of advertising the same product as 'Feature Lock', was there?

A. No.

Q. I gather from your testimony, then, that the word 'Lock' as part of your trade-mark was a very important thing in that trade-mark?

A. I would say yes."

The implication from the above testimony is that unless this witness were allowed to employ his trade-

mark "ETERNA LOCK", said trade-mark would be valueless. In other words, if he could not ride on the coattails of appellant and trade on the reputation established by the appellant in the word "LOCK", that it would be a serious blow to a business. In other words, trading on appellant's good will and "reaping" where he had not "sown" was necessary to sell the products of appellees.

THE APPELLANT IS ENTITLED TO AN INJUNCTION UPON THE THEORY OF UNFAIR COMPETITION.

What constitutes "unfair competition"—in general.

In drawing the line between commercial practices which will be enjoined as "unfair" and those which will not, the Courts have not always agreed. This lack of harmony in the case law has resulted in large measure from the fact that "the scope of liability in this field is constantly expanding. This is due partly to the flexibility and breadth of equitable relief and partly to changing methods of business and changing standards of commercial morality." *Rest., Torts*, vol. 3, p. 538.

Thus, there appears to be less conflict among the modern cases than there is between them and the older decisions. And this has led the Courts to place greater emphasis upon the more recent cases. Hence the oft-quoted remark of the Seventh Circuit Court of Appeals in *Philco Corp. v. Phillips Mfg. Co.*, 133 Fed. (2d) 663, at p. 672, that "a 1905 restatement of State common law rules governing the use of trade-marks

may not furnish an adequate answer to the trade-mark problems in 1943.”

While the law in this field is by no means static,¹ certain principles have emerged as to which there can be no dispute. In postulating these general rules and definitions, we find it convenient to draw upon the Restatement of Torts.²

A technical trade-mark, which must be affixed to goods, and as to which exclusive rights may be created merely by prior adoption and use, as well as a trade name or insignia, is entitled to protection when it has become known in the market as “the name for goods or services coming from or through a particular source or the name for a particular business.” *Rest., Torts*, vol. 3, p. 559.

Thus, a trade name is defined as “any designation which (a) is adopted and used by a person to denominate goods which he markets or services which he renders or a business which he conducts, or has come

¹See, *Schechter, the Rational Basis of Trade-Mark Protection* (1927), 40 Harv. L. Rev. 813; *Schechter, Fog and Fiction in Trade-Mark Protection* (1936), 36 Col. L. Rev. 60; *Chafee, Unfair Competition* (1940), 53 Harv. L. Rev. 1289; *Handler and Pickett, Trade-Marks and Trade Names—An Analysis and Synthesis* (1930), 30 Col. L. Rev. 168.

²In this we follow the example set by Judge Yankwich in *Brooks Bros. v. Brooks Clothing of California*, supra, who confessed his “bewilderment resulting from an attempt to reconcile the large number of state decisions, or even the large number by federal district and circuit court decisions upon any one topic pertaining to this subject”. (p. 448.)

It is to be noted, also, that the *Restatement* was quoted extensively by the Supreme Court of California in the recent case of *Eastern-Columbia, Inc. v. Waldman*, decided June 13, 1947, 30 C. (2d) 268, 273-274.

to be so used by others, and (b) through its association with such goods, services or business, has acquired a special significance as the name thereof * * *” *Rest., Torts*, vol. 3, sec. 716, p. 558. The “designation” may be either a name or an insignia.

The term “special significance” embraces the concept of “secondary meaning”, which is the term commonly used in the case law. *Rest., Torts*, vol. 3, p. 560. Actually, the phrase “secondary meaning” does not mean “a subordinate and rare significance”; it means, rather, “a subsequent significance added to the previous meaning of the designation and becoming in the market its usual and primary significance.” *Rest., Torts*, vol. 3, p. 560. As a California Court has said, the secondary meaning “submerges the primary meaning * * * and the new meaning survives as the identification, in the market, of a product and its source.” *Winfield v. Charles*, 77 C. A. (2d) 64. See also, *East-Columbia Inc. v. Waldman*, 30 C. (2d) 268, note 6; *Callman*, *supra*, p. 1012 ff. Obviously, the more distinctive the designation, the more readily will it acquire a special significance.

As to the elements of infringement, “One infringes another’s trade-mark if (a) without a privilege to do so, he uses in his business, in the manner of a trade-mark or trade name, a designation which is identical with or confusingly similar to the other’s trade-mark though he does not use the designation for the purpose of deception, and (b) the other’s interest in his trade name is protected with reference to (i) the goods, services or business in connection with which

the actor uses his designation, and (ii) the markets in which the actor uses his designation". *Rest., Torts*, vol. 3, sec. 717, p. 562.

As the Court said in the *Brooks Bros. case* (60 F.S. 442), at p. 450, the liability thus imposed protects " 'a person against harm to his business which the actor *might* cause by misleading prospective purchasers into identifying the actor's goods, services or *business* with those of the other. The ultimate issue in infringement cases is the *likelihood* that prospective purchasers will be so misled' " (emphasis ours). See also, *Rest., Torts*, vol. 3, p. 567.

It should be emphasized that actionable confusion in the present case is not limited to the proposition that the public is apt to mistake the appellees' goods for the appellant's goods. The gravamen of this action is the likelihood, as we shall show, that the public will be led to believe that the appellees' goods are in some way associated or connected with that of the appellant, or is under the supervision or sponsorship of the appellant—in other words, the likelihood that the two businesses will "be regarded by prospective purchasers as associated with the *source* identified by the trade-mark or trade name" (*Rest., Torts*, vol. 3, sec. 730, p. 596; emphasis ours).

The "confusion of source" concept is now the accepted doctrine in this field of the law, not only generally (*Brooks Bros. v. Brooks Clothing of California*, 60 F. S. 422; Anno.—Infringement of Trademark or Tradename, 148 A. L. R. 12, 53 ff., and cases therein

cited; *Callman*, supra, vol. 2, pp. 1116-1121), but in California as well. See, for example, *Eastern-Columbia, Inc. v. Waldman*, 30 C. (2d) 268, note 6; *Winfield v. Charles*, 77 C. A. (2d) 64; *Jackman v. Mau*, 78 C. A. (2d) 234; *Physicians Electric Service Corp. v. Adams*, 79 C. A. (2d) 550; *Academy of Motion Picture Arts & Sciences v. Benson* (1940), 15 C. (2d) 685; *Law v. Crist* (1940), 41 C. A. (2d) 862; *Carolina Pines, Inc. v. Catalina Pines* (1932), 128 C. A. 84; *Evans v. Shockley* (1922), 58 C. A. 427; *Wood v. Peffer* (1942), 55 C. A. (2d) 116.

The particular elements embodied in the above definition of infringement will be discussed separately. It should be borne in mind, however, that they are all mere facets of the central issue of confusion. Thus, whether there is a likelihood of confusion depends in part upon (1) the similarity between the appellant's trade-mark and that of the appellees; (2) the nature of the businesses involved; and (3) the geographical relationship between the appellant's business activities and those of the appellees.

In addition, the ultimate issue of confusion is affected by two additional considerations which have an important bearing upon the present case, namely, (1) the fact that the appellant's trade-mark is distinctive, and (2) the fact that they were appropriated by the appellees with knowledge that it was already being used in connection with the appellant's goods and business. These factors will likewise be treated separately, although they pervade the entire case.

The appellant's trade name is distinctive and is, therefore, entitled to the utmost protection.

It requires no argument to show that the appellant's trade-mark is unique, arbitrary, and fanciful. The trial Court so found (R. 45). The test, of course, is not whether the words "WED LOK" or "LOK" are to be found in the dictionary, but whether the dictionary gives them the meaning they have when applied to the appellant's ring ensembles. As stated in *Philadelphia Storage Battery Co. v. Mindlin* (1937), 163 Misc. 52, 296 N.Y.S. 176, 181-182.

"The fear is sometimes expressed that the extension of protection may foster monopoly, not merely of language but of trade. The fear is groundless. He who coins a trade symbol adds rather than detracts from the language. Even when a term in a dictionary is used in an arbitrary manner, the language is not impoverished. The term may still be used in its accepted sense; what equity prevents is the appropriation of the new layers of meaning that have been added by the plaintiff. The rights of the first user can be sustained to the extent that they do not unduly handicap others in the honest conduct of their business. New competition and enterprise 'must not be throttled, but the late comer should be compelled to rely upon his own ingenuity, rather than misrepresentation and misappropriation for the creation of his market. This much at least is demanded by the most elementary notions of honesty.' Handler, Unfair Competition, 21 Iowa Law Review, 175, 186. Blatant imitation should not be recognized by the judicial condonation of practices which violate the fundamental precepts of fair business dealing."

It is obvious that the "more distinctive the trade-mark is, the greater its influence in stimulating sales, its hold on the memory of purchasers and the likelihood of associating similar designations on other goods with the same source." *Rest., Torts*, vol. 3, p. 602. Distinctive designations have thus come to be regarded as "strong" marks or names, and non-distinctive designations as "weak". And common generic words, such as "Ivory" (soap) or "Blue Goose" (fruit), have often been recognized as "strong". See *Callman*, *supra*, p. 1226 ff.

Realizing that distinctive designations, unless closely guarded, will lose their character and their advertising value, the Courts have been careful to protect them against gradual encroachment. As said in *Arrow Distilleries v. Globe Brewing Co.* (1941), 4 Cir., 117 F. (2d) 347, 351:

"* * * the rule that coined or fanciful marks or names should be given a much broader degree of protection than words in common use is sound, for it recognizes not only the orthodox basis of the law of trade-marks that the sale of the goods of one manufacturer or vendor as those of another should be prevented, but also the fact that in modern business the trade-mark performs the added function of an advertising device, whose value may be injured or destroyed unless protected by the courts. Schechter, *The Rational Basis of Trade Mark Protection*, 40 *Harvard Law Review* 813; *Restatement of Torts*, sec. 715 (b)."

In *Lady Esther v. Lady Esther Corset Shoppe* (1943), 317 Ill. App. 451, 46 N. E. (2d) 165, 148 A.

L. R. 6, which involved the distinctive name "Lady Esther" as applied to the plaintiff's cosmetics, the Court said (p. 11):

"In the instant case we think it clear that the public might be deceived into thinking there was some connection between the defendant and the plaintiff companies. *And the good-will of plaintiff, which it had built up at great expense over a period of years, would be whittled away. Courts of equity ought not to be so feeble as to be unable to prevent this*" (emphasis ours).

As the Court observed in *Cleo Syrup Corp. v. Coca-Cola Co.* (1943), 8 Cir., 139 F. (2d) 416, 417, 150 A. L. R. 1056, cert. den. 321 U.S. 781, 64 S. Ct. 638, 88 L. Ed. 1074:

"* * * There is no merit in the contention that a court of equity will not afford protection to the plaintiff's trademark *or prevent its good will from being nibbled away by unfair competitors*" (emphasis ours).

We need not multiply the authorities, except to point out that the California Courts are in accord. For example, in *Katschinski v. Keller* (1920), 49 C. A. 406, the word "Philadelphia" was held to be "purely arbitrary and fanciful" as applied to a retail shoe store; in *Hall v. Holstrom* (1930), 106 C. A. 563, the name "The White Spot", as applied to a restaurant, was found by the trial Court to be "purely and entirely fanciful and artificial", and such finding was not questioned on appeal; and finally, in the recent case of *Eastern-Columbia, Inc. v. Waldman*, 30 C.

(2d) 268, note 6, the words "Eastern-Columbia" were found to have acquired a "fanciful" meaning in reference to a chain store.

Not only is the appellant's trade-mark intrinsically "strong", but its natural attributes as a trade-mark have been greatly enhanced by the fact that the appellant has spent thousands and thousands of dollars in promoting and publicizing it throughout the United States, as a result of which it has acquired a meaning and an advertising appeal which is indeed unique. As said in *Callman*, supra, at p. 1226, "a mark can be distinctive either because it is unique, that is, distinctive in itself, because it has been the subject of wide and intensive advertisement, or because of a combination of both." Here we have a combination of both.

In short, the appellant's goods and business are known all over the United States (R. 762), and the good will which it has thus established, over a long period of time and at great expense, is of great worth. The appellant is entitled to protection from the erosive "borrowing" by others of its valuable trade designation.

Although the trial Court found, in effect, as we have seen, that the appellant's trade-mark is valid, the Court refused to find that a secondary meaning attached thereto. It thus appears that the Court, in resolving the issue of confusion, did not give sufficient weight to the fact that the appellant's trade-mark was entitled to the fullest protection against "whittling away" or "nibbling away", and that it

did not fully recognize, as other Courts have done, the familiar adage that the camel that gets his head under the flap will soon steal the whole tent.

The appellant's trade-mark is entitled to protection.

Thus far we have shown that the appellant's trade-mark, according to the trial Court's own findings (R. 40), has been "widely and very extensively advertised throughout the United States from the year 1936 to the present, excluding the war years of 1942, 1943, 1944 and 1945; and is a distinctive and valid trade-mark (R. 41). It is also established by the record that there is a striking and unmistakable similarity between the appellant's distinctive trade-mark and the designation employed by the appellees; and that the failure of the appellees to explain or justify their wilful appropriation of the appellant's valuable and distinctive trade designations indicates that their purpose was to trade upon the appellant's good will and reputation by inducing the public to believe that there was some connection or association between their goods or business and that of the appellant.

Under such circumstances it would seem almost self-evident that there is a likelihood, if not a certainty, of confusion and that the appellant, as a matter of law, is entitled to an injunction. When we consider the further fact that the appellees' business was within the identical class as the appellant's, there would seem to be no need to discuss the question of whether the appellant is entitled to injunctive relief in reference to the appellees' business—particularly,

since the appellees themselves, by their deliberate appropriation of a confusingly similar trade-mark with the appellant's trade-mark, presumably believed that their business was sufficiently related to the appellant's that their use of the latter's trade-mark would redound to their commercial advantage. If they did not so believe, then why did they adopt the name "FEATURE LOCK" for their products? Why did they not choose some other name out of the "infinity" which was at their disposal?

This subtle form (close approach to same mark) of infringement developed when trade-marks became not simply indicia of source to purchasers who cared about source, but also powerful advertising and sale factors. An attractive, reputable trade-mark could then be imitated not only for the purpose of diverting trade from the person having the trade-mark to the imitator, but also for the purpose of securing for the imitator's goods some of the good will, advertising and sales stimulation of the trade-mark or trade name. And where, for example, a customer, as a result of such "sales stimulation", has an unsatisfactory experience with the imitator, he may hold the owner of the trade-mark responsible therefor. If he has previously dealt with such owner, or purchased his goods, he may transfer his allegiance to some other business or commodity; or, if he has not previously dealt with the owner of the trade-mark, he may decline in the future to do so. What's more, he may induce others to act in the same way. Hence, the Court will protect the owner from the risks involved where his trade design-

nation is used in another business over which he has no control.

The trial Court here refused to find infringement and unfair competition because of lack of actual confusion in ultimate customers. This is error because in the modern view there may be a likelihood of confusion *even though there is no actual confusion*. This view is perhaps best expressed in the classic and much quoted statement of Judge Learned Hand in *Yale Electric Corporation v. Robertson* (1928), 2 Cir., 26 F. (2d) 972, 973, as follows:

“* * * The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point, whether a merchant’s good will, indicated by his mark, could extend beyond such goods as he sold. How could he lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade-mark? The law often ignores the nicer sensibilities.

“*However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation, whose*

quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful." (Citing cases; emphasis ours.)

As a matter of fact, the authorities even go so far as to hold that actual competition between the parties is unnecessary to find trade-mark infringement and unfair competition.

The cases in support of this view are legion. The "rule declared by our Ninth Circuit Court of Appeals is that competition is not necessary". *Brooks Bros. v. Brooks Clothing of California*, 60 F. S. 442, at p. 451. See also, *Del Monte Special Food Co. v. California Packing Corp.* (1929), 9 Cir., 34 F. (2d) 774; *Horlick's Malted Milk Corp. v. Horluck's, Inc.* (1932), 9 Cir., 59 F. (2d) 13; *Phillips v. The Governor & Co.* (1935), 9 Cir., 79 F. (2d) 971. This is likewise the majority rule. See Anno.—Actual competition as necessary element of trade-mark infringement or unfair competition, 148 A. L. R. 12, 22.

In addition to the above authorities, we need only make brief reference to the California decisions. In *Jackman v. Mau*, 78 C. A. (2d) 234, in which the plaintiff was a wholesaler and the defendant a retailer, and the parties were admittedly not in compe-

tition with each other, the Court rejected the contention that there could be no "unfair competition" in the absence of competition. The Court said:

"* * * While it is true that most of the cases dealing with unfair competition are concerned with instances in which the respective parties are engaged in business directly competitive, nevertheless, as said in *Academy of Motion Picture Arts & Sciences v. Benson*, supra, at page 689: 'But we perceive no distinction which, as a matter of law, should be made because of the fact that the plaintiff and defendant are engaged in non-competing businesses.' The true test is—has the defendant 'adopted a name which *prima facie* is broad enough in its concept to be mistaken by the ordinary unsuspecting person for the institution created by the incorporators of the plaintiff.' "

In the *Academy* case, 15 C. (2d) 685, which was decided by the Supreme Court of California, the plaintiff was a non-profit corporation organized for the purpose of advancing the art of motion pictures by conferring awards of merit, conducting research, and the like, whereas the defendant operated a school of dramatics. The opinion of the Court specifically points out that the "businesses of the parties are not directly competitive", and that by "*the use of the name Hollywood Motion Picture Academy the defendant does not take away from the plaintiff and draw to herself any business which the plaintiff otherwise would receive*" (pp. 688-689, emphasis ours). Nevertheless, the Court held that upon the facts alleged in the complaint the plaintiff was entitled to an injunction "in order to

prevent confusion with the institution or society represented by the plaintiff" (p. 691); and the judgment of the trial Court sustaining a demurrer to the complaint was reversed.

Likewise, in *Law v. Crist*, 41 C.A. (2d) 862, in which both parties were non-profit organizations engaged in the teaching and advancement of "theosophy", it was held that the plaintiff was entitled to an injunction against the use of its name by the defendant, despite the fact that the parties were not competing with each other for profit. See also, *Wood v. Peffer*, 21 C. 448; *Hooper v. Stone* (1921), 54 C.A. 668.

Not only is competition unnecessary, but a review of the pertinent case law discloses that the scope of protection—business-wise and commodity-wise—which the Courts have accorded the owner of a trade name or insignia has continuously been expanding. Thus the Courts have come to recognize that under modern methods of doing business, in which advertising plays a vital role, there is real danger that a distinctive name or insignia will, unless protected, become associated in the public mind not only with other goods or businesses of the same kind and class, but even with goods or businesses of wholly different kinds and classes. "The issue in each case is whether the goods, services, or businesses of the actor and of the other are sufficiently related so that the alleged infringement would subject the good will and reputation of the other's trade-mark or trade name to the hazards of the actor's business". *Rest., Torts*, vol. 3, p. 599.

In *Yale Electric Corporation v. Robertson*, 26 F. (2d) 972, the counter-claimant was a manufacturer of locks and the plaintiff was a manufacturer of flashlights and batteries. The question, as stated by the Court, was "whether, in view of the fact that it makes no flashlights or batteries, it (the counter-claimant) may complain of the plaintiff's use of its name". The Court's answer to that question, which has already been quoted above, has served as a guide to many other Courts. Quoting again the rule of that case (p. 973):

"* * * And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful."

In *L. E. Waterman Co. v. Gordon* (1934), 2 Cir. 72 F. (2d) 272, the plaintiff was a manufacturer of fountain pens and similar articles under the name "Waterman", and the defendant was engaged in selling drugs and cosmetics. The defendant commenced to sell razor blades under the name "Waterman", but was enjoined from making further sales. The Court, again speaking through Judge Learned Hand, observed that (p. 273):

"It is now well settled in this country that a trade-mark protects the owner against not only its use upon the articles to which he has applied it, but upon such other goods as might naturally be supposed to come from him. (Citing cases.) There is indeed a limit; the goods on which the supposed infringer puts the mark may be too remote from any that the owner would be likely

to make or sell. It would be hard, for example, for the seller of a steam shovel to find ground for complaint in the use of his trade-mark on a lipstick. But no such difficulty arises here; razor blades are sold very generally by others than razor blade makers, and might well be added to the repertory of a pen maker. Certainly when the infringement is so wanton, there is no reason to look nicely at the plaintiff's proofs in this regard. On the merits there can therefore be no question that the judge was right."

In *Wall v. Rolls-Royce of America, Inc.*, 4 F. (2d) 333, the plaintiff, Rolls-Royce of America, was a corporation engaged in the business of making and selling automobiles, airplanes, and parts thereof, and its name had "become associated all over the world with the excellence of its product". The defendant, Wall, was engaged in the business of selling radio tubes through the mails, labelled "Rolls-Royce"; and he advertised his business as the "Rolls-Royce Tube Company". In granting an injunction, the Court said (p. 334):

"* * * It is true those companies made automobiles and aeroplanes, and Wall sold radio tubes, and no one could think, when he bought a radio tube, he was buying an automobile or an aeroplane. But that is not the test and gist of this case. Electricity is one of the vital elements in automobile and aeroplane construction, and, having built up a trade-name and fame in two articles of which electrical appliances were all important factors, what would more naturally come to the mind of a man with a radio tube in his receiving set, on which was the name 'Rolls-

Royce', with nothing else to indicate its origin, than for him to suppose that the Rolls-Royce Company had extended its high grade of electric product to the new, electric-using radio art as well. And if this Rolls-Royce radio tube proved unsatisfactory, it would sow in his mind at once an undermining and distrust of the excellence of product which the words 'Rolls-Royce' had hitherto stood for."

In *Dunhill of London, Inc. v. Dunhill Shirt Shop, Inc.* (1929), D.C., S.D. N.Y., 3 F. Supp. 487, the plaintiff was engaged in the business of selling pipes and other smokers' supplies, and the defendant operated a men's haberdashery shop. In granting an injunction, the Court, relying upon the *Rolls-Royce* and *Yale Electric* cases, *supra*, made short shrift of the matter, saying (p. 487), "It is no answer that the defendant sells shirts, and the plaintiff, smokers' requisites."

In *Kroll Bros. v. Rolls-Royce* (1942), C.C.P.A., 126 F. (2d) 495, the appellant was engaged in the business of manufacturing baby carriages and go-carts, and the appellee was a manufacturer of automobiles, and parts thereof, and airplane engines, under the name "Rolls-Royce". The Court affirmed a decision of the Commissioner of Patents denying the appellant the right to register the trademark "Krolls-Royce", upon the ground that "confusion as to origin of appellant's goods would be probable" (p. 498).

In *Cartier, Inc. v. Parfums Blanchard, Inc.* (1941), 32 N.Y.S. (2d) 15, the plaintiff was engaged in the jewelry business under the name "Cartier", but it

sold, also, such articles as lipstick containers and vanities. The defendant was in the perfumery business under the name "Charties". A temporary injunction was granted in order to protect the plaintiff and the public "in their right to fair treatment" (p. 16).

In *Socony-Vacuum Oil Co., Inc. v. Lafariere*, 48 N.Y.S. (2d) 421, the plaintiff was engaged in the business of selling fuel oil under the name "Standard Oil"; and, in addition, it furnished engineering advice regarding the operation of oil burners. It did not, however, repair or service such burners. The defendant was engaged in the business of repairing and servicing oil burners, under the name "Standard Oil Burner Service". In issuing a temporary injunction, the Court applied the settled rule that (p. 422):

"Plaintiff * * * is entitled to be protected, not only from direct competition, but from any injury which might result to it from deception to the public through the unauthorized use of its trade-name, or a trade-name which would lead the public to believe that it was in some way connected with plaintiff."

In *Lady Esther, Limited v. Flanzbaum* (1942) D.C. R.I., 44 F. Supp. 666, the plaintiff was engaged in the business of selling cosmetics under the name "Lady Esther", and the defendant operated a retail store under the name "Lady Esther Shoe Store", selling ladies' shoes and stockings. The Court held that the defendant's conduct constituted unfair competition, and granted an injunction.

In *Time, Inc., v. Barshay* (1939), D. C. S. D. N.Y. 27 F. Supp. 870, the plaintiff was the publisher of

“Time” magazine, and the producer of radio broadcasts and motion pictures under the title “The March of Time”. The defendant was engaged in the business of reproducing and selling phonograph records under the name “The Voice of Time”. An injunction was granted upon the theory of unfair competition, as well as for trademark infringement.

In *Golenpaul v. Rosett* (1940), 18 N.Y. S. 889, the plaintiffs were owners of the well-known radio program “Information Please”, and the defendants were about to publish a magazine under the same name. The threatened publication was enjoined by the Court, with the observation that (pp. 890-891):

“In earlier days it doubtless would have been held that a magazine is in competition with only another magazine and that, therefore, the use by one person of two words so commonplace as ‘information’ and ‘please’ to designate either a book or a moving picture or a verbal program carried over the air would not prevent another person from using the same words as the title of a magazine. At the present time, however, the law of ‘Unfair Competition’ lays stress upon the element of unfairness rather than upon the element of competition and recognizes that where any name or mark or symbol, even though consisting of commonplace words of the English language, has come to signify in the public mind the product or business of a particular individual or group of individuals, such name or mark or symbol cannot be used by another individual or group of individuals, in such way as to lead the public to believe that the product or business of the latter is the product or business of the former. Illustrations of that rule are numerous.” (Citing cases.)

In *Esquire, Inc. v. Esquire Bar* (1941), D.C.S.D. Fla., 37 F. Supp. 875, the plaintiff was publisher of the magazine "Esquire", and the defendant operated "an elaborate and decorative establishment" in Miami, Florida, selling goods, beverages, wines and liquors. The Court enjoined the defendant from infringing upon the plaintiff's various trade-marks and from using the name "Esquire" in any manner whatever. Upon the theory of unfair competition, the Court found that (p. 876):

"* * * the defendant's use of plaintiff's name 'Esquire' is calculated to, and does, cause the public (not otherwise fully informed) to believe there is some connection between the two, either that the plaintiff owns or controls the business of the defendant, or sponsors it, or has given leave to conduct the business under some contract, and that the defendant's business has the approval of plaintiff, or that the defendant's business is in some manner related to the plaintiff's business, Esquire, Inc., and thereby constitutes unfair competition in violation of plaintiff's rights."

In *Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores* (1937), D.C., E.D. Pa., 20 F. Supp. 703, the plaintiff, owner of a nationally known chain of grocery stores, obtained an injunction restraining the defendant from using the letters "A. & P." in reference to a retail store dealing in new and used radios, washing machines, and electric refrigerators.

Similarly, in *Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers* (1934), D.C., W.D. Pa., 10 F. Supp. 450, the same plaintiff was granted in-

junctive relief against the operator of a cleaning and dyeing establishment.

In *Bulova Watch Co. v. Stolzberg* (1947), D.C., Mass., 69 F. Supp. 543, the Court held that (p. 547):

“* * * Watches and shoes, while non-competing, are not so remote as to foreclose the possibility that they come from the same source. Defendant, by using the trade-mark on low price shoes, stands to injure plaintiff’s reputation and dilute the quality of his trade-mark. Defendant has little cause to complain since he has been riding the coattails of the plaintiff’s good will, and he had available to him a wide range of choice to name his products.”

In *Philadelphia Storage Battery v. Mindlin*, 296 N.Y.S. 176, the plaintiff was the manufacturer of radio sets, storage batteries, and similar products under the well-known brand “Philco”, and the defendant was engaged in the business of selling razor blades under the same name. The plaintiff had never made razor blades and there was no evidence that it ever intended to do so. The Court, nevertheless, issued an injunction, saying (pp. 178-180):

“* * * But diversion of trade is not the only injury which may be caused by the second use. The normal potential expansion of the plaintiff’s business may be forestalled. * * * His reputation may be tarnished by the use of his mark upon an inferior product. * * * A false impression of a trade connection between the parties may be created, possibly subjecting the plaintiff to liability or to the embarrassment of litigation, or causing injury to his credit and financial standing. * * *”

* * * * *

"The element of the possibility of confusion at source has been stressed in various decisions. The ambit of protection is constantly being widened. The adoption of 'Kodak' for cameras precludes its use on bicycles * * *; 'Rolls-Royce', the name of an automobile, may not be appropriated for radio tubes * * *; 'Waterman' as a mark for razor blades may be interdicted at the suit of the fountain pen company * * *; the use of 'Dunhill' the famous brand for smokers' supplies, on shirts constitutes an infringement * * *; the same mark may not be used on liniment and soap * * *; automobiles and tires * * *; food products and oleomargarine * * *; upon electrical appliances and spark plugs * * *; upon cooking utensils and wash boilers * * *; or upon mineral oil and figs * * *." (Emphasis ours).

The above cases* indicate the extent to which the Courts have gone in granting injunctive relief even though the defendant was engaged in an entirely different kind or class of business. As far as we have discovered, the California Courts have not yet been presented a case in which the goods or businesses involved were as different in nature as these which have confronted other Courts, but there is strong indica-

*See also, *Eastman Photo Materials Co. v. Griffiths Cycle Corp.* (1898), 15 R.P.C. 105; *Walton v. Ashton* (1902), 2 Ch. 282; *Armour & Co. v. Master Tire & Rubber Co.* (1925), D.C.S.D. Ohio, 34 F. (2d) 201; *Vogue Co. v. Thompson-Hudson Co.* (1924), 6 Cir., 300 F. 509, cert. den. 273 U.S. 701, 47 S. Ct. 98, 71 L. Ed. 850; *Duro Co. v. Duro Co.* (1928), 3 Cir., 27 F. (2d) 339; *Standard Oil Co. v. California Peach & Fig Growers* (1928), D.C. Del., 28 F. (2d) 283; *California Fruit Growers Exchange et al. v. Sunkist Baking Co.* (1946), D.C.S.D. Ill., 68 F. Supp. 946; *Ford Motor Co. v. Ford Insecticide Corporation* (1947), D.C.E.D. Mich., 69 F. Supp. 935; *Acme Chemical Co. v. Dobkin* (1946), D.C.W.D. Pa., 68 F. Supp. 601. The latter case contains a lengthy review of pertinent decisions, including many which are not cited in this brief.

tion in the California cases that the state Courts would not decline to follow the general trend of authority.

In *Academy of Motion Picture Arts & Sciences v. Benson*, 15 C. (2d) 685, the parties were, of course, non-competitive, and, also, they were engaged in different enterprises; but in that case, which arose upon a demurrer to the complaint, there were allegations to the effect that the defendant "has induced certain persons and prospective students in particular into believing that her school was being conducted by or in connection with the plaintiff and that persons trained in the defendant's school had received or would receive 'Academy Awards' for meritorious performances".

In *Jackman v. Mau*, 78 C.A. (2d) 234, in which the parties likewise were not in competition with each other, one of them being a manufacturer and the other a trader, they were nevertheless engaged in handling the same general class of merchandise.

It is to be noted, however, that the California Courts have cited and quoted decisions, such as the *Yale Electric* case, in which the Courts have protected trade names and insignias from use in connection with different goods or classes of business. Moreover, the California Courts, as we have already indicated, have accepted and followed the "confusion of source" concept as the guiding principle in this field of the law. See, for example, *Eastern-Columbia, Inc. v. Waldman*, 30 C. (2d) 268, note 6; *Winfield v. Charles*, 77 C.A. (2d) 64; *Jackman v. Mau*, 78 C.A. (2d) 234; *Physicians Electric Service Corp. v. Adams*, 79 C.A. (2d)

550; *Academy of Motion Picture Arts & Sciences v. Benson*, 15 C. (2d) 685; *Law v. Crist*, 41 C.A. (2d) 862; *Carolina Pines v. Catalina Pines*, 128 C.A. 84; *Evans v. Shockley*, 58 C.A. 427; *Wood v. Peffer*, 55 C.A. (2d) 116.

In light of the above authorities, the present case presents no problem. Here the parties were engaged in the same general class of business. They were both in the finger ring business, and while the appellee Feature Ring Co. does business somewhat differently than appellant,* injunctive relief will not be denied merely because the businesses somewhat differ in size or modes of doing business.

The possibility that the appellees' business might be with a wider class of patronage than that of the appellant would not afford a sufficient basis for denying injunctive relief. In *Brooks Bros. v. Brooks Clothing of California*, 60 F.S. 442, the defendant sought to draw "a differentiation between the businesses based upon the dissimilarity of the merchandise of the two parties and its 'appeal' to the different social groups from which they seek custom" (p. 451). The argument was flatly rejected by the Court in the following language (pp. 453-454):

"You cannot divide the clothing business into categories, according to the social group on which it may depend for patronage * * * 'Pigs is pigs' * * * Ours is an unstratified society with constant mobility of persons. Absent a 'caste' system, there can be no 'caste' in merchandising * * *."

*Appellant sells rings set with stones to retailers—appellee, Feature Ring Co., sold blanks or unset rings only.

We must not lose sight of the fact that the relationship between the appellees' business and that of the appellant is merely one aspect of the central issue of confusion. Considering the fact that the appellant's trade-mark is distinctive and must have acquired a unique significance in the public mind; that the appellees adopted and used a trade-mark strikingly similar to the appellant's designation; that the public or a part thereof would tend to associate appellees' business with the appellant's; that the appellees themselves presumably believed that they would profit by using something close to appellant's trade-mark; then it cannot fairly be said that the likelihood, if not certainty, of confusion thus established is completely overcome and eliminated by the differences existing between the appellees' mark and that of the appellant.

Certainly it cannot be said in this case that the appellees' designation "is so foreign to the owner's as to insure against any identification of the two" (*Yale Electric Corporation v. Robertson*, 27 F. (2d) 972, at p. 973). The appellant, therefore, is entitled to protection against the hazards created by the use of a trade-mark confusingly similar to its own.

The appellees' use of the appellant's trade-mark causes irreparable damage.

Inasmuch as the appellant has a property right in its trade-mark in California, it follows that the appellant is entitled to enjoin any unprivileged use of such trade designations which causes or threatens to cause injury or damage to its property.

The authorities have come to recognize that in modern society the primary purpose of a trade name or mark is often its advertising function. As *Callman* says, at p. 805, "Advertisement is the function of the trade-mark that requires and illustrates its independence as an economic value and a subject of legal protection." And any unauthorized use of a distinctive trade designation tends to weaken its advertising appeal and thereby to destroy its economic value.

It is said in *Philadelphia Storage Battery Co. v. Mindlin*, 296 N.Y.S. 176, at p. 179, a trade name or mark

"* * * is more than a symbol of existing good will or a mere commercial signature; it has a creative function; it serves as a 'silent salesman' to attract custom. The dilution of its selling powers and 'the whittling away of its uniqueness' by use on noncompeting products constitutes a real injury for which there should be redress. Schechter, Rational Basis of Trademark Protection, 40 Harvard Law Review, 813; Fog and Fiction in Trademark Protection, 36 Columbia Law Review, 60."

Likewise, in *Arrow Distilleries v. Globe Brewing Company*, 117 F. (2d) 347, the Court observed that (p. 351):

"* * * the rule that coined or fanciful marks or names should be given a much broader degree of protection than words in common use is sound, for it recognizes not only the orthodox basis of the law of trade-marks that the sale of the goods of one manufacturer or vendor as those of another should be prevented, but also the fact that in modern business the trade-mark performs the added

function of an advertising device, whose value may be injured or destroyed unless protected by the courts. Schechter, *The Rational Basis of Trade Mark Protection*, 40 *Harvard Law Review* 813; *Restatement of Torts*, sec. 715 (b).'' (Emphasis ours.)

In *Bulova Watch Company v. Stolzberg*, 69 F.S. 543, the Court said (pp. 546-547):

''Gradually, however, the cases have come to recognize that it is the 'unfairness' of the defendant's conduct rather than the existence of 'competition' between plaintiff and defendant which forms the basis for the intervention of a court of equity. The trade-mark not only serves to designate the source of the owner's products, but also stands as a symbol of his good will and hence is an instrument for the creation and retention of custom. Schechter, F.L., *The Rational Basis of Trade-Mark Protection*, 40 *Harvard Law Review*, 813. Where the mark is strong, i.e., unique or fanciful, the courts have been more prone to grant protection from use on noncompeting goods.''

* * * * *

''Whatever the distinction on which the decisions are rested, running through them all is a basic notion of 'unfairness'. Where the plaintiff has a fanciful or strong mark, built by long use and much expense, he has a substantial interest in his good will. A use by the defendant, even on non-competing goods, may result in injury to the plaintiff's reputation and dilute the quality of the trade-mark. If the relationship in the products is not too remote under the *Waterman* rule protection should be given.''

In *Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc.* (1941), 5 Cir., 123 F. (2d) 582, cert. den. 315 U.S. 824, 62 S.Ct. 917, 86 L. Ed. 1220, the Court, after pointing out that the defendant's activities would necessarily result in depriving the plaintiff of some business, went on to say (p. 584):

"But more significant and important than the fact that this is so, is the purpose evidenced by the choice, by this new comer into the field of automobile financing, of name and advertising matter. This purpose is to project itself into that business arena panoplied in a name already favorably known, rather than to come into it on its own merits, and slowly building, here a little there a little, establish its own place. * * * Cases in point here are [Citing cases]. These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined."

In *Acme Chemical Co. v. Donkin*, 68 F.S. 601, the Court held that there was a likelihood of confusion, and added that (p. 614):

"* * * It also appears to me there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade-name of the plaintiff and, under such circumstances, it is the duty of the court to grant injunctive relief. *Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc.*, 5 Cir., 123 F. 2d 582."

Similarly, in *Lady Esther v. Lady Esther Corset Shoppe*, 317 Ill. App. 451, 148 A.L.R. 6, the Court recognized that unless injunctive relief were granted "the good-will of plaintiff, which it has built up at great expense over a period of years, would be whittled away" (p. 11). And in *Cleo Syrup Corp. v. Coca-Cola Co.*, 139 F. (2d) 416, the Court granted an injunction to prevent the plaintiff's good will from being "nibbled away" (p. 417).

In the words of a leading authority on this subject, the "real injury" in cases involving non-competing goods or businesses "is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used." *Schechter, The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 825.

Another authority has gone so far as to suggest that in cases such as the present one, where the danger of dilution exists, the Court "should not embark upon an obviously irrelevant inquiry into the possibility of confusion. Any use of such famous marks as 'Aunt Jemima' and 'Budweiser' or 'A. & P.' in connection with any product other than the original should be enjoined irrespective of whether there is any similarity between the goods". *Callman*, *supra*, at pp. 1342-1343.

The California Courts, also, have recognized that the "benefits of an exclusive trademark are to create and preserve a favorable reputation, *to stimulate the sale of a product*, and to distinguish it from similar competing products" (*Sun-Maid Raisin Growers v. Mosesian*, 84 C.A. 485, at p. 494, emphasis ours). See also *Hall v. Holstrom*, 106 C.A. 563, at p. 596. And while most of the California cases deal with personal names, geographical names, and other designations which are relatively "weak", in at least one case, namely, *Hall v. Holstrom*, 106 C.A. 563, involving a "strong" designation, "The White Spot" as applied to a restaurant, the Court granted injunctive relief upon the theory that the plaintiff had an exclusive property right in such name and that the use of a similar name by the defendant resulted in damage to the plaintiff's "standing and reputation" and to the "marketability of the plaintiff's business" (p. 571). While that case involved a registered trade-mark, the California Courts have pointed out that the "registration of a trade-mark, like the recording of any other instrument, is merely *prima facie* evidence of its validity and ownership". *Sun-Maid Raisin Growers v. Mosesian*, 84 C.A. 485, at p. 494.

It is apparent from the evidence in this case that the appellees' use of the appellant's distinctive trade-mark necessarily impairs its significance and value as an advertising device, particularly since the appellees appropriated such trade designation, as we have already shown, for the sole purpose of "riding the coat-tails" of the appellant's good will and reputation.

Unless injunctive relief is granted to preserve the identity and singularity of its valuable trade-mark, the appellant may one day find itself literally "hemmed in" by "LOCK" marks, and as a result, the value of its trade designation, and its great investment in it, may largely be destroyed.

There is no "commercial necessity" (*Eastern-Columbia, Inc. v. Waldman*, 30 C. (2d) 268, at p. 272) for the appellees to use a mark so closely similar to appellant's in connection with their business. By acts of calculated piracy they have appropriated the appellant's property, and such conduct has caused and threatens to cause irreparable injury and damage to the appellant and to its valuable trade designations. The appellant, therefore, is entitled to an injunction upon this ground, as well as upon the theory of confusion.

WHERE APPELLANT'S MARK OR TRADE NAME HAS COME TO HAVE A SECONDARY MEANING, SUCH MARK OR TRADE NAME WILL BE PROTECTED EVEN THOUGH SUCH MARK OR TRADE NAME IS NOT THE PROPER SUBJECT MATTER OF A VALID TRADE-MARK PER SE.

Although we believe "WED LOK" is a valid technical trade-name, appellant is entitled to relief regardless of whether it is a valid technical trade-mark or not.

63 *Corpus Juris*, Section 101, pp. 391, 392.

"An exclusive proprietary interest such as a trade-mark or copyright, in the terms or symbols used to palm off the goods of one manufacturer

or vendor as those of another, is not essential to the maintenance of a suit to enjoin or redress the perpetration of the wrong * * *. *Relief will be afforded regardless of whether or not the deceptive words or marks are valid technical trade-marks.* The cases are very numerous where relief has been afforded upon the ground of unfair competition against a deceptive use of generic or descriptive names and marks, personal, geographical, corporate, and other names, *none of which are capable of exclusive appropriation as technical trade-marks.*” (Emphasis ours.)

Our Circuit Court of Appeals for the Ninth Circuit so ruled in *Stork Restaurant v. Sahati*, 166 Fed. (2d) 348, and they quoted the following rule with approval:

“It is asserted by defendants that an absolute injunction will not be granted for the infringement of the right to use a word in what is called a ‘secondary meaning’ as distinguished from a technical trademark. Where words have acquired, as is established beyond dispute in this case, a fanciful meaning—a meaning that has no connection with their common meaning, it may be more properly said that such meaning is their primary meaning in so far as their use in business is concerned. Their common meaning has dropped into the background. Otherwise no right to use them to the exclusion of others would have been acquired. *When, however, words have acquired such a sense and are the subject of the good will and reputation of a business which they designate, there is little if anything left to distinguish them from a trademark, a symbol, characters or words which have no common meaning and which are artificial, insofar as the scope of*

protection afforded to the one who has the prior right.” (Emphasis ours.)

Le Blume Import Co., Inc. v. Coty, et al. (C. C.A. 2, 1923), 293 Fed. 344.

“For it is entirely clear that, if a word which in its primary sense is descriptive has nevertheless been used so long or so exclusively in a particular market by a particular dealer that his product in that market and to its purchasing public has come to mean that the article in connection with which the word is used is the product of a particular producer, it acquires a secondary meaning, which is indicative of the manufacturer and the excellence of the thing produced, and enables the manufacturer to assert an exclusive right in the word. Nims on Unfair Competition and Trade-Marks (2d Ed.) § 37.”

Words which have a primary meaning of their own, such as words descriptive of the goods or a quality or character of the goods, which were not capable of exclusive appropriation as a trade-mark originally or at the time of its adoption, may nevertheless by long use in connection with the goods or business of a particular trader come to be understood by the public as designating the goods or business of that particular trader. Such a word has a secondary meaning and it may not be used in a trade-mark sense by a competitor.

G. & C. Merriam Co. v. Saalfield (C.C.A. 6-1912), 198 Fed. 369.

“* * * It contemplates that a word or phrase originally, and in that sense primarily, incapable

of exclusive appropriation with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase had come to mean that the article was his product; in other words, had come to be, to them, his trade-mark. * * *"

See also:

Coca-Cola Co. v. Koke Co., 254 U.S. 143, 41 S. Ct. 113;

American Lead Pencil Co. v. L. Gottlieb & Sons (C.C. S.D. N.Y.), 181 Fed. 178;

Pinaud, Inc. v. Huebschman (D.C. N.Y.), 27 Fed. (2d) 531 (affirmed 27 Fed. (2d) 538).

CONCLUSION.

We respectfully submit that this Court find:

1. That appellant's trade-mark "WED LOK" is a distinctive and valid trade-mark.
2. That appellant's trade-mark "WED LOK" by its exclusive, extensive and long use, has acquired a secondary meaning.
3. That the trade-mark "FEATURE LOCK" used in connection with wedding ring ensembles is confusingly similar to appellant's trade-mark "WED LOK".

4. That there has been "confusion of source" respecting appellees' products in the customers of the wholesale business conducted by appellant.

5. That the result of the use of the trade-mark "FEATURE LOCK", and similar composite marks on appellees' products, has been a dilution, diminishing and lessening of the good will of the appellant, as represented by its trade-mark "WED LOK", and its investment in the sales and advertising thereof.

6. That appellees, and each of them, by the use of the trade-mark "FEATURE LOCK" upon wedding ring ensembles have infringed upon appellant's trade-mark rights and have unfairly competed with appellant.

Dated, San Francisco, California,

May 12, 1950.

MELLIN, HANSCOM & HURSH,

OSCAR A. MELLIN,

LEROY HANSCOM,

JACK E. HURSH,

Attorneys for Appellant,

Granat Bros.